

EXHIBIT 1

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

NIKE, INC.,

Plaintiff,

v.

STOCKX LLC,

Defendant.

Case No. 1:22-cv-000983-VEC

EXPERT REPORT OF DEJONGH “DEE” WELLS

May 5, 2023

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I. INTRODUCTION

A. Sneakerheads

1. Sneaker enthusiasts, also called “Sneakerheads,” are individuals with a deep passion for buying, collecting, trading, and/or learning about sneakers. Sneakerheads are individuals of all ages, races, and nationalities. They often care about the history, the design, the craftsmanship, and the culture that surrounds each sneaker release. It is common for Sneakerheads to be passionate about the sneakers they collect, often treating them like wearable pieces of art that deserve to be admired and preserved.

2. Sneakerhead culture is an ever-evolving subculture. Its roots can be traced back to the 1970s – 1990s when sneakers became more than a fashion statement and served as a status symbol. Owning the latest and most coveted sneakers was a way of showing off your style, your taste, and your connections. And for many Sneakerheads, each sneaker release was an event to be anticipated, lined up for, and celebrated.

3. As sneakers have become more popular over the last few decades, the relatively small and niche community of Sneakerheads has grown. More and more people have started collecting sneakers, and the Sneakerhead subculture has become more mainstream. Today, sneaker releases occur online and in stores; both are highly popular events that draw attendance from many Sneakerheads. The limited nature of sneaker releases by brands, and the resulting scarcity of such sneakers, has led to an active resale market in which popular sneaker models are bought and sold. The resale market for sneakers has exploded in recent years and is expected to continue its rapid growth.

4. The Internet has been crucial in the expansion of Sneakerhead culture. It has made it easier to connect with fellow Sneakerheads and, relatedly, to find and trade difficult-to-obtain sneakers. More recently, social media platforms like Instagram and YouTube have allowed Sneakerheads to connect and share their passion with others around the world at an even greater scale. In addition, the development of the Internet and accompanying emergence of more reliable online marketplaces for sneakers has fueled a boom for sneakers and the growth of Sneakerhead culture.

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B. Parties and allegations

5. StockX is an online resale marketplace for high-end collectibles such as “the hottest sneakers, apparel, electronics, collectibles, trading cards and accessories.”¹ StockX is particularly popular amongst Sneakerheads.² In January 2022, StockX started offering Vault NFTs, which StockX describes as “readily tradable digital tokens that track ownership of [associated] physical product[s],” like sneakers and trading cards, that are stored in StockX’s climate-controlled, high security vault.³

6. Nike is the world’s largest producer of athletic shoes and sports apparel, accounting for half of sneaker sales globally.⁴ Nike has been an instrumental part of the rise of Sneakerhead culture since its collaboration with Michael Jordan in 1984 and the release of the Nike Air Jordan 1 in 1985.⁵ Alongside its mainstream products, such as running shoes and

¹ StockX, “The Current Culture Marketplace,” <https://stockx.com/about/how-it-works> (“Our mission is to provide access to the world’s most coveted items in the smartest way possible. Buy and sell the hottest sneakers, apparel, electronics, collectibles, trading cards and accessories.”).

² See, for example, Launched, “Launched: How StockX Won Over Sneakerheads,” February 23, 2022, <https://readlaunched.substack.com/p/-launched-how-stockx-won-over-sneakerheads> (explaining that StockX was born out of a desire to “creat[e] a commerce platform for the sneakerheads who treated their shoes like stocks, spending hours a day on their ‘portfolio’” and that StockX’s “seller-friendly features were noticed – and appreciated – on sneakerhead forums...”); Sneaker Jagers, “How StockX Became the Biggest Sneaker Marketplace,” September 30, 2021, <https://www.sneakerjagers.com/en/n/how-stockx-became-the-biggest-sneaker-marketplace/27074> (“StockX is known as one of the largest marketplaces of sneakers and streetwear. The billion dollar company was founded in 2015 and has been the place for all exclusive models and items ever since. In a short time, the company has become wildly popular and impossible to imagine the sneaker world without it.”).

³ StockX, “NFTs,” <https://stockx.com/lp/nfts>.

⁴ See, for example, Bloomberg, “Phil Knight & family,” <https://www.bloomberg.com/billionaires/profiles/philip-h-knight> (“Knight is the founder and largest shareholder of Nike, the world’s biggest maker of athletic shoes and sports apparel. The Beaverton, Oregon-based company operates more than 1,100 stores and had revenue of \$44.5 billion in the year to May 2021.”); FDRA, “Athletic Footwear Market Dominated by Asia-Pacific With 42% Share,” <https://fdra.org/latest-news/athletic-footwear-market-dominated-by-asia-pacific-with-42-share> (“Nike is by far the world’s largest athletic shoe manufacture [sic], with an estimated market share of about 50%.”).

⁵ See, for example, Sotheby’s, “The Meteoric Rise of the Nike Air Jordan Brand,” January 25, 2023, <https://www.sothebys.com/en/articles/the-meteoric-rise-of-the-jordan-brand> (“In 1984, Nike signed up-and-coming basketball rookie Michael Jordan to an unprecedented \$500,000 a year endorsement deal... But it was the release of the first Jordan shoe in 1985 that truly propelled the Jordan brand to new heights. The first Jordan shoe, the Nike Air Jordan 1, was an instant hit, kicking off modern sneaker collecting as we know it.”).

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clothing, Nike has joined other brands in releasing limited edition sneakers, including through collaborations with celebrities like fashion designer Virgil Abloh and rapper Travis Scott.⁶

7. Nike alleges that StockX engages in “selling counterfeit Nike goods and making false and/or misleading claims regarding the purported authenticity of those goods.”⁷ According to Nike, StockX “knows that its false and/or misleading statements about the authenticity of the Nike goods for sale on its platform deceives consumers. Nevertheless, StockX continues to engage in such improper and unlawful business practices to attract consumers to its platform.”⁸

8. Nike also alleges that “without Nike’s authorization or approval, StockX is “minting” NFTs that prominently use Nike’s trademarks, marketing those NFTs using Nike’s goodwill, and selling those NFTs at heavily inflated prices to unsuspecting consumers who believe or are likely to believe that those ‘investible digital assets’ (as StockX calls them) are, in fact, authorized by Nike when they are not.”⁹

9. Finally, Nike claims that “Nike-branded Vault NFTs [...] are, in fact, new virtual products that StockX has bundled with additional StockX services (e.g., ‘Vault Services’) and unspecified benefits (e.g., ‘exclusive access to StockX releases, promotions, events’).”¹⁰

C. Assignment

10. I have been asked by counsel to:
 - a. Provide an overview of Sneakerhead culture and the state of the sneaker market;
 - b. Explain who buys sneakers and why;
 - c. Describe the resale market for sneakers and its recent evolution;

⁶ See, for example, Jessica Testa, “Sneaker Sellers Wrestle With Price Spikes After Virgil Abloh’s Death,” *The New York Times*, December 16, 2021, <https://www.nytimes.com/2021/12/16/style/sneakers-price-spikes-virgil-abloh.html>; Complex, “Travis Scott’s Last Air Jordan Collaboration Set a Nike Record,” September 29, 2022, <https://www.complex.com/sneakers/travis-scott-nike-air-jordan-1-low-reverse-mocha-snkrs-record>.

⁷ First Amended Complaint, *Nike, Inc. v. StockX LLC*, No. 1:22-cv-000983-VEC, May 25, 2022 (“First Amended Complaint”), ¶ 15.

⁸ First Amended Complaint, ¶ 113.

⁹ First Amended Complaint, ¶ 5.

¹⁰ First Amended Complaint, ¶ 6.

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- d. Discuss the prevalence of counterfeit sneakers and their recent evolution;
- e. Discuss how Sneakerheads purchase sneakers, including on the resale market; and
- f. Explain how StockX creates value for Sneakerheads, including through Vault NFTs.

11. I am being compensated for my services in this matter at an hourly rate of \$800. I have been assisted by certain employees of Analysis Group to prepare this report. I have not previously provided expert testimony. My curriculum vitae is in **Appendix A**.

D. Summary of opinions

12. I have reached the following opinions:

- a. A Sneakerhead is a person who has a deep passion for buying, collecting, trading, and/or learning about sneakers. Individuals of all ages, races and nationalities can be Sneakerheads. *See Section III.A.*
- b. Sneakerhead culture has evolved greatly since starting in the 1970s. Once considered niche, Sneakerhead culture has grown mainstream largely due to the introduction of limited-edition sneakers and sneakers created in collaborations with notable figures, which drive the popularity of sneakers, as well as the mass adoption of the Internet, which allowed sneakers to be marketed and sold more widely. *See Section III.B.*
- c. There are various reasons why Sneakerheads may purchase sneakers, including to collect, to memorialize key people and events, to display as art, to be “cool,” and to purchase as an investment. Sneakerheads may purchase sneakers for multiple reasons at the same time, and these reasons can change over time. *See Section IV.*
- d. Scarcity has been an important driver of Sneakerhead culture and hype. Many Sneakerheads strive to own products that are rare and that nobody else has. Brands, including Nike, use scarcity as a marketing device: releasing sneakers in limited quantities helps build hype. Scarcity created by brands drives many Sneakerheads to purchase sneakers on the resale market, particularly limited release styles that they may not have been able to obtain directly from the brand.

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This in turn can reinforce the popularity of the brand. As a result, limited edition sneakers are more likely to fetch high prices in resale markets. The resale market also allows Sneakerheads to trade in rare, vintage styles that are no longer accessible directly from brands or authorized sellers. *See Section V.A-B.*

- e. The development and popularization of the Internet and online resale platforms such as StockX have transformed the resale market from a physical hunt for valuable sneakers in select locations to a more democratized, open, and virtual hunt for valuable sneakers. Sneakerheads can also use online forums and the Internet to gain access to new information and research new sneaker models in more depth. *See Section V.C.*
- f. Certain industry factors have led to the presence of a large number of counterfeits in the resale sneaker market. First, the scarcity of popular models of sneakers – which leads to disproportionate demand relative to the number of sneakers sold directly by brands and authorized resellers and thus drives consumers to purchase in resale markets, where prices are higher – has motivated counterfeiters to attempt to take advantage of that demand. Second, the use of digital technology by some brands and some resellers has led to an increase in the incentives to produce counterfeit sneakers, while certain aspects of the transition to online resale markets, such as some resellers not providing verification services, have made it easier for counterfeiters to sell their fraudulent goods to customers. Third, Sneakerheads commonly recognize that the gap in perceived quality between counterfeit and Nike sneakers has decreased in recent years. *See Section VI.*
- g. Sneakerheads tend to be sophisticated consumers, who not only make purchases with care but also understand the landscape of the sneaker market. They are often aware that counterfeit sneakers, including counterfeit Nike sneakers, are common and generally understand that there is always a risk they will get counterfeits when purchasing on the resale market. *See Section VII.*
- h. StockX and other, newer online platforms, have improved the resale experience through verification services that decrease the probability of buying a counterfeit pair of sneakers. Many platforms, including StockX, are now taking various

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measures to verify the authenticity of sneakers sold through their platforms to make resale transactions safer and more secure. StockX operates a ship-to-verify model: StockX's trained experts work to verify the authenticity of the sneakers before shipping them on to the buyer. This model helps buyers feel confident that steps have been taken to verify the quality of the sneakers they purchase. StockX provides other valuable services to its customers, including making it easy for sellers to list sneakers and buyers to bid for or buy them, and providing a payment processing system once a buyer and a seller decide to transact. *See Section VIII.A-B.*

- i. Because many Sneakerheads purchase sneakers as items to collect or investments to trade rather than commodities to wear, Vault NFTs offer Sneakerheads many benefits relative to traditional sneaker collecting and trading. StockX's Vault NFT model is a useful tool for Sneakerheads who prefer to place their sneakers in storage or who invest in and flip sneakers for a profit. Vault NFTs help address a number of challenges associated with collecting and trading physical sneakers. First, it is expensive and time-consuming to trade physical sneakers. Every pair of sneakers a person sells needs to be verified and shipped, and those costs add up if a Sneakerhead trades a large number of sneakers. Second, it is challenging for Sneakerheads to keep track of the sneakers in their collections. Third, it is expensive and challenging to store sneakers, which is a key topic of discussion amongst Sneakerheads. *See Section VIII.C.*

13. In forming my opinion in this report, I have relied on my extensive experience as part of the Sneakerhead community, which I discuss in **Section II**, and the sources listed in **Appendix B**.

II. QUALIFICATIONS

A. Early life, education, and my sneaker collection

14. I have loved and been obsessed with sneakers since 1979. As a child growing up in St. John, in the U.S. Virgin Islands, my obsession with sneakers started with my parents, whom I watched play tennis in iconic Rod Laver and Stan Smith adidas sneakers. At school,

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despite a strict uniform code, I found ways to express my own style by swapping the required black or brown leather shoes for pairs of Puma Clyde's or Pony City Wing Hi's. I worked and saved up my money so that I could buy sneakers, and by the end of high school, I owned about 60 pairs. At the time, I viewed my sneakers not only as accessories, but as part of my identity as a footwear fashion-forward person who enjoyed participating in a variety of sports, including football, basketball, and tennis.

15. In 1991, I left St. John for my undergraduate degree at Bryant College in Rhode Island, where I studied business, and graduated in 1995.

16. Thanks to the Internet and its early message boards, I discovered that others shared my passion for sneakers, and I began to understand the true social significance sneakers held. Through these early online connections with fellow Sneakerheads, I realized I wanted to use my expertise and knowledge of sneakers professionally.

17. My love for sneakers has never waned. I continue to obsess over sneakers and their impact on culture, and I am always excited to see what new releases and collaborations are on the horizon. I currently own more than 700 pairs of sneakers, and I estimate that I have owned more than 4,000 pairs in total. I actively wear around 60 pairs of sneakers; the rest are in a climate-controlled storage unit, being displayed in museum exhibits, or actively used as example material for my SOLEcial studies educational program, which I discuss more in **Section II.B.5-6**.

B. Sneakers as a vocation and my role in sneaker culture

18. Over the last 20 years, I have transformed my passion for sneakers into a profession. I have engaged with the Sneakerhead community in multiple ways, including as a journalist, an educator, a marketer, and an active member of the community.

1. Journalism

19. In 2003, my passion for sneakers led me to team up with my friend and fellow Sneakerhead Steve Mullholand to create Sole Collector Magazine. We wanted to create a publication that would serve as a platform for Sneakerheads to connect, share their collections,

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and stay up to date on the latest sneaker news and releases. The magazine was published every other month and I worked on the first nine issues. What set Sole Collector Magazine apart was its focus on the everyday Sneakerhead; and while we featured celebrities such as basketball player LeBron James and rapper Eminem, some of our most popular content included interviews and photo features on non-celebrity Sneakerheads and their collections. Sole Collector Magazine became recognized as a respectable brand and voice of the Sneakerhead community. The publication ran in print and then in digital form. It was acquired by Complex, a New York media and entertainment company focused on American pop culture, in 2013.¹¹

20. In 2007, I created Obsessive Sneaker Disorder – a sneaker lifestyle podcast. It has been the longest-running sneaker culture talk show and podcast, and it is now a talk show on YouTube.¹² Famous Sneakerheads and sneaker designers are frequent guests on the show. We have featured notable guests such as Wilson Smith III – the first Black designer at Nike¹³ – and DJ Clark Kent – the DJ credited with introducing two of the best-known rappers of all time: the Notorious B.I.G and Jay-Z.¹⁴ Our most popular episode featuring Tinker Hatfield – long-time designer of various sneakers including multiple editions of Air Jordans – was downloaded over 1.5 million times on iTunes.

21. In 2011, I co-founded Future Focus Media Co-op & Youth Training Institute, a film and photography production company. One of the missions of Future Focus Media is to train youth in media skills.¹⁵ While the content of the curriculum is not centered around sneakers, my students are often curious about my experience as a Sneakerhead, and we discuss styles, designs, and careers as related to sneakers.

¹¹ Complex, “Complex,” <https://www.complex.com>; Business Insider, “How This Guy Turned His Shoe Obsession Into a Prime Acquisition Target,” March 14, 2013, <https://www.businessinsider.com/complex-media-acquires-sole-collector-2013-3>.

¹² Apple Podcasts, “OSD-Obsessive Sneaker Disorder,” <https://podcasts.apple.com/us/podcast/osd-obsessive-sneaker-disorder/id1477392109>; See also Dee Wells, “OSD: Obsessive Sneaker Disorder,” <https://www.youtube.com/@OSDLive/videos>.

¹³ Nice Kicks, “Nike Designer Wilson Smith III Awarded Oregon College of Design’s Highest Honor,” June 10, 2018, <https://www.nicekicks.com/nike-designer-wilson-smith-iii-awarded-oregon-college-of-designs-highest-honor> (“Hired at Nike in 1983, [Wilson] Smith [III] became the company’s first African American footwear designer.”).

¹⁴ djvlad, “Clark Kent on Introducing Biggie to Jay Z, Biggie Best Rapper but Jay Z Best MC,” 2017, <https://www.youtube.com/watch?v=nvGTfYteWlg>.

¹⁵ Future Focus Media, “Main page,” <https://futurefocusmedia.org>.

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2. *Sneaker showcases and launches*

22. The success of Sole Collector Magazine led the founders, Steve Mullholand, Nicole Fesette, Alex Wang, and myself, to create a series of sneaker showcase and launch events with Nike in 2005 and 2006.¹⁶ These events took place in cities such as Chicago, Miami, New York, Boston, and Las Vegas, and featured the release of limited-edition sneakers into the market. Some of the limited-edition sneakers were inspired by the city in which they were launched, for instance, a Yankee-themed sneaker for New York and an alligator-inspired sneaker for Miami. The events gave Sneakerheads from around the world a chance to buy, sell, and trade sneakers, as well as to connect with other members of the sneaker community.

23. The products released were designed in collaboration with Nike and were highly coveted by the Sneakerhead community – often selling out within minutes of their release. Sneakerheads lined up for days for their chance to buy a pair of these coveted sneakers, which drew attention to these events and further created hype.

3. *Educator*

24. In 2011, I created SOLEcial Studies, a pop-up program of workshops intended to teach people about the athletic footwear business and empower minorities and women to seek careers in the sneaker industry.

25. The mission of SOLEcial Studies is to (1) “raise the awareness and standards of what a sneaker lover considers a ‘quality’ sneaker worth the price they are asking,” (2) “get students to think about creating their own business related to the sneaker industry,” and (3) “teach sneaker lovers about the various jobs that exist within the corporate structure of the sneaker business.”¹⁷

26. I have worked with individuals ranging from elementary school students to working professionals as part of SOLEcial studies. Our program has reached participants across

¹⁶ HypeBeast, “Nike ‘Sole Collector Las Vegas’ Dunk High,” July 31, 2006, <https://hypebeast.com/2006/7/nike-sole-collector-las-vegas-dunk-high> (“The Sole Collector event that took place in Las Vegas was the finale of the Sole Collector competitions of this year. For this final event, Sole Collector collaborated with Nike to produce 400 pairs of these exclusive event-only Dunk Highs.”).

¹⁷ Tumblr, “SOLEcial Studies,” <https://solecialstudies.tumblr.com>.

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the United States, as well as abroad in France and Germany. In April 2023 we launched a 36-hour intensive SOLEcial studies course, “Rubber, Leather, and Luxury” for 40 students at HEC Paris, a top-ranking French business school. Our curriculum covers topics ranging from the exploration of careers in sneaker design and manufacturing, to the role sneakers play in fashion, art, and culture, to the impact of counterfeits in the sneaker market.

27. Each Sneakerhead is different. I believe people should celebrate and express their uniqueness through the sneakers that they buy and wear, rather than following the crowds. In other words, sneakers can act as a form of storytelling or expression. Through the SOLEcial Studies program, I teach people to identify what exactly draws them to specific sneaker models and silhouettes. For example, I personally focus on versatility and comfort when choosing what sneakers to buy and wear. I also look for sneakers that have unique designs, colors, or materials, or tell an important story. The Air Jordan 2 sneakers released by the “Two18” shoe boutique in Detroit are a great example of the importance of storytelling through sneakers; they pay homage to the city of Detroit and raise awareness of the water crisis in Flint, MI, an important and ongoing issue.¹⁸

4. *Consulting for sneaker companies*

28. Under the umbrella of my brand marketing company Obsessive Sneaker Disorder, which shares a name with my podcast, I have provided marketing consulting services for multiple sneaker companies, including Nike, adidas, New Balance, and Saucony. I have helped these brands with advertising campaigns marketing specific sneaker models; this involves formulating a narrative around their product, selecting fonts and styles in the campaign, identifying how the product will meet consumer needs, and determining how to tell the overall story, amongst other responsibilities.

29. For instance, as part of my work for adidas, I directed, shot, and produced a video marketing campaign to spread awareness of adidas’ partnership with the Make-a-Wish foundation and Make-a-Wish participant Tunav Nanda to design limited-edition sneakers

¹⁸ See, for example, WXYZ Detroit, “Detroit-inspired Two 18 Air Jordans to be released online Friday,” October 18, 2022, <https://www.wxyz.com/news/detroit-inspired-two-18-air-jordans-to-be-released-online-friday> (“Another feature – the sole – goes from brown to clear representing the Flint Water Crisis.”).

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representing his fight against cancer.¹⁹ I was also involved in the design process for these sneakers, which were then sold to raise money for the foundation.

5. *Museum contributor and curator*

30. Sneakers from my own collection have been displayed in museums on different occasions. For instance, I was a co-curator of the Brooklyn Museum's "Rise of Sneaker Culture" exhibit in 2015; six pairs of my collection were displayed alongside sneakers from other private collectors and manufacturers in the exhibit.²⁰ Additionally, I selected six pairs of sneakers of cultural and historical significance that are now on display as part of the "From the Feet Up – 50 Years of Beats & Sneaks" exhibition at the Mana Contemporary Museum in Jersey City, New Jersey, which opened on April 12, 2023.²¹ The exhibit is curated by Sean Williams, who is involved both with the Obsessive Sneaker Disorder podcast and the SOLEcial Studies program. The exhibit will travel to Chicago and Miami later this year.

6. *An engaged member of the Sneakerhead community*

31. Aside from my professional and educational activities related to sneakers, I am also actively engaged with Sneakerheads socially and am a regular contributor to the Sneakerhead community.

32. Online discussion boards, and more recently, social media platforms are central to Sneakerhead community building. Platforms like Twitter, Instagram, TikTok, Snapchat, and even LinkedIn play a central role in sneaker culture by connecting Sneakerheads and increasing interest in and communication about news relevant to our community. I started using online discussion boards in 2001 and I am a member of numerous sneaker-related Facebook groups,

¹⁹ Pensole Lewis College, "Tunav's Wish To Help Others," 2019, https://www.youtube.com/watch?v=QP6re5hFB8Y&ab_channel=PensoleLewisCollege. See also High Snobiety, "These Special adidas Kicks Are Being Auctioned By Charity Make-A-Wish," <https://www.highsnobiety.com/p/pensole-make-a-wish-adidas-sneaker-auction>.

²⁰ Sneakerhistory.com, "'The Rise of Sneaker Culture' Exhibit at the Brooklyn Museum," July 5, 2015, <https://sneakerhistory.com/2015/07/05/rise-sneaker-culture-exhibit-brooklyn-museum>.

²¹ Mana Contemporary, "From the Feet up – 50 Years of Beats & Sneaks," <https://www.manacontemporary.com/exhibition/from-the-feet-up-50-years-of-beats-sneaks>.

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such as OSD-Obsessive Sneaker Disorder (over 2,000 active community members) and Size 13-15 Sneaker Marketplace (with over 11,000 active members), as well as reddit channels.

33. I follow multiple notable Sneakerheads on social media and have my own accounts which I use to like and comment on posts and message other Sneakerheads to discuss our mutual passions. I use these platforms to do research and stay up to date on latest trends. I estimate that I spend more than 10 hours a week on these platforms, reading, posting comments, and sharing information.

34. I also have shared my opinions and knowledge of the sneaker world through traditional media outlets, including through a 2007 interview with ESPN and a 2020 interview with Mr. Porter, the men's style journal.²²

35. In addition, I participate in in-person events, or "meetups," where I meet individuals that I initially encountered on Sneakerhead message boards and websites. These meetups are often informal opportunities to share my love of sneakers and learn from fellow aficionados. We discuss our personal styles, collections, and recent buys, as well as tips on how to keep track of our collections, and we get to know each other on a personal level. I typically attend these types of events six to eight times a year. I have made many lifelong friends through the Sneakerhead community.

36. I also participate in larger formal conventions, also known as "sneaker cons," where Sneakerheads and brands gather to display, view, and trade rare sneakers. Collectors and vendors set up rows of booths, and there are attractions such as a live DJ, skateshows, and giveaways. At Houston's H-Town Sneaker Summit, I met and became friends with the organizers and fellow Sneakerheads Bryan Angelle, rapper Bun B, and DJ Oakcliff. While the attendance at many sneaker cons was originally limited, their size has dramatically increased over the years. For example, the H-Town Sneaker Summit started as 20 people meeting at a bar in 2004, and now brings in around 5,000 attendees.²³ I have also attended Sneaker Con in New

²² Rice Sport Management, "Starbury shoes for \$14.98," 2011, <https://www.youtube.com/watch?v=o0m6KLiQ2o8> (see interview at 6:21-7:11); Mr Porter, "Meet the Man Who Thinks Sneakers Can Change the World," August 17, 2020, <https://www.mrporter.com/en-us/journal/fashion/sneakers-social-change-dejongh-dee-wells-interview-2020-1349496>.

²³ VoyageHouston, "Meet Bryan Angelle of Sneaker Summit in Upper Kirby," May 31, 2017, <http://voyagehouston.com/interview/meet-bryan-angelle-sneaker-summit-upper-kirby> ("Over the years we grew

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York City at the Javits Center, a massive venue where around 20,000 Sneakerheads gather each year.²⁴ In addition, I have helped create sneaker cons, such as the New England sneaker summit in Worcester, Massachusetts, which grew from less than 40 to over 300 attendees over a few years.

37. The creation of conventions was a pivotal moment for the sneaker subculture. Conventions helped bring together like-minded individuals who shared a love for sneakers, and they created a sense of community around the passion for sneakers. They also helped establish sneaker culture as a legitimate and respected part of the fashion industry; conventions brought visibility and media attention to the industry,²⁵ and they highlighted the range of designs, styles, materials, and craftsmanship that designers and brands within the industry. Finally, sneaker cons also created trusted marketplaces for trading sneakers, where the latest and most sought out models could be found.²⁶

7. *Recognition*

38. In February 2021, I was awarded the key to the City of Worcester, Massachusetts, for outstanding work with youth through the Future Focus Media Co-op and Youth Training

our Sneaker Summit event from a dozen or so people in a coffee shop to sports bars to 5,000 attendees”); Sneaker Summit, “About,” <https://sneakersummit.com/about> (“Established in January of 2004 [...] From its humble beginnings in local Houston, TX sports bars, Sneaker Summit quickly grew to become the world’s largest community based sneaker event.”).

²⁴ Yahoo, “20,000 People Traded More Than \$3 Million in Sneakers Last Weekend,” November 11, 2016, <https://finance.yahoo.com/news/20000-people-traded-more-than-3-million-in-sneakers-last-weekend-214020620.html> (“More than 20,000 sneaker heads descended on Sneaker Con November 5-6 at the Jacob Javits Center in New York City.”).

²⁵ See, for example, Joanna Nikas, “Peak Sneaker: Inside Sneaker Con,” *The New York Times*, January 4, 2018, <https://www.nytimes.com/2018/01/04/insider/peak-sneaker-inside-sneaker-con.html>.

²⁶ See, for example, InsideHook, “How to Hack Sneaker Con, the World’s Greatest Sneaker Convention,” September 5, 2019, <https://www.insidehook.com/article/style-washington-dc/sneaker-con-dc-is-the-worlds-greatest-sneaker-convention> (“Every single month there’s always something new and special to look forward to, and at Sneaker Con you’ll always find the latest. This week they’re dropping the Supreme x Nike Dunk Lows and they’re going to sell out for sure. The Jordan 1s that just dropped sold out and a lot of people weren’t able to get them. The best way to get them now is at Sneaker Con,” says Vinogradov.”); The Manual, “How Sneaker Con Provides a Trusted Marketplace for Sneakerheads Everywhere,” August 2, 2018, <https://www.themanual.com/fashion/sneaker-con-dates-app>; NBCFDW, “Sneaker Con in Dallas is Big Business for Buyers, Sellers, and Collectors,” May 21, 2021, <https://www.nbcfdw.com/news/local/sneaker-con-in-dallas-is-big-business-for-buyers-sellers-and-collectors/2638920>.

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Institute and for representing sneaker culture through my brand marketing company Obsessive Sneaker Disorder.²⁷

III. OVERVIEW OF SNEAKERHEAD CULTURE

A. Who is a Sneakerhead?

39. A Sneakerhead is a person who has a deep passion for buying, collecting, trading, and/or learning about sneakers. Sneakerheads typically “collect, trade, and admire sneakers as a hobby.”²⁸ Sneakers bring diverse groups of people together through a shared interest. Through my years of professional and personal experience engaging with the Sneakerhead community, I have learned that Sneakerheads are individuals of all ages, races, and nationalities. Most Sneakerheads I have interacted with are deeply invested in the history of sneakers and feel part of, and connected to, the community of individuals who share their passion. They tend to view sneakers as exciting, important, and worthy of time, research, and financial investment. I personally identify as a Sneakerhead; I view sneakers as wearable and collectible pieces of art.

40. In my experience, Sneakerheads generally have a deep appreciation of the history and significance of sneakers in sports and fashion. Sneakerheads often engage with the history, the design, the craftsmanship, and the culture behind the individual editions and releases of various sneaker models.²⁹ Sneaker releases were events to be anticipated, lined up for, and

²⁷ The St. Thomas Source, “St. John’s Dee Wells Wins Key to the city of Worcester,” February 17, 2021, <https://stthomassource.com/content/2021/02/17/st-johns-dee-wells-wins-key-to-the-city-of-worcester> (“On Feb. 2, Worcester Mayor Joseph Petty awarded Wells with the key to the city for two of his achievements: establishing Future Focus Media, an organization which among other things teaches videography to young people, and for representing sneaker culture through his brand marketing company Obsessive Sneaker Disorder.”).

²⁸ Jin Woo Choi, “Sneakerheads’ Assessment of Sneaker Value and Behaviors Throughout the Sneaker Ownership Cycle,” *PhD Dissertation*, 2017, p. 12 (“A sneakerhead is described as “a person who collects, trades or admires sneakers as a hobby.”).

²⁹ See, for example, Delisia Matthews, Qiana Cryer-Coupet, and Nimet Degirmencioglu, “I Wear, Therefore I am: Investigating Sneakerhead Culture, Social Identity, and Brand Preference Among Men,” *Fashion and Textiles*, Vol. 8, No. 1, 2021, pp. 1-13 pp. 2, 6, 9, 10 (“As mentioned, one keen characteristic of a Sneakerhead is their knowledge about the origins and history of sneakers.”), (Referring to two of the Sneakerheads interviewed for this research study the article states “Similar to Jason, Elijah also made reference to the different look or aesthetic of sneakers that sparked his interest.”), (One of the participants, Eric, is quoted as saying “You know we’re here to talk about sports, we talk about sneaker history, certain [sneaker] releases that came out, and what people are wearing.”), (“Given this, the True Sneakerhead is embodied by the norm of understanding sneaker history, and possesses a true love for the culture.”).

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celebrated.³⁰ Many Sneakerheads also have emotional connections to specific brands or celebrities who wear the sneakers, such as athletes like Dr. J,³¹ Michael Jordan,³² Charles Barkley,³³ and Andre Agassi,³⁴ who gave rise to Sneakerhead culture through how they played their game and the sneakers they wore.

41. Many Sneakerheads like myself are lifelong learners who continue to seek information about new products and trends. It is clear both through the Sneakerheads I know and the many Sneakerhead-focused publications I have read, that sneakers typically transcend mere footwear for Sneakerheads; they are investments that require careful consideration of, and research into, the characteristics and origins of different sneaker models before making a purchase decision.³⁵ For example, a Sneakerhead might think about which sneakers would be the best additions to their collection, which sneaker is or will be perceived as trendy, and which sneaker has strong investment value.

³⁰ See, for example, Gravitas Free Documentaries, “Sneakerheadz,” 2022, https://www.youtube.com/watch?v=AawIhU3ORK0&ab_channel=GravitasFREEDOCUMENTARIES, 32:43 – 32:59 (The 2005 release of the “pigeon dunk” designed by Jeff Staple is one of the most remarkable testaments to the influence of Sneakerheads’ celebration. As crowds lined up at Reed Space, Jeff’s Lower East Side store, police were called to maintain order and ensure buyers’ safety.).

³¹ Nba.com, “Legends Profile: Julius Erving,” September 13, 2021, <https://www.nba.com/news/history-nba-legend-julius-erving> (Julius Erving, commonly known as “Dr. J,” is a former professional basketball player and Hall of Famer. “Erving was one of the first players to make extemporaneous individual expression an integral part of the game, setting the style of play that would prevail in the decades to follow.”).

³² Nba.com, “Legends Profile: Michael Jordan,” September 14, 2021, <https://www.nba.com/news/history-nba-legend-michael-jordan> (Michael Jordan is “[b]y acclamation, [...] the greatest basketball player of all time.” He won 6 NBA championships, 6 NBA finals MVP, and was a 14-time NBA All-Star during his career.).

³³ Naismith Memorial Basketball Hall of Fame, “Charles Barkley,” <https://www.hoophall.com/hall-of-famers/charles-barkley> (Charles Barkley is a retired American professional basketball who is “one of only four players to record more than 20,000 points, 10,000 rebounds, and 4,000 assists in a career.”).

³⁴ Biography, “Andre Agassi,” <https://www.biography.com/athlete/andre-agassi> (Andre Agassi is a retired, former top-ranked American tennis player. He won numerous Grand Slam singles titles in his career and was inducted into the International Tennis Hall of Fame in 2011).

³⁵ This is based on my experience within the Sneakerhead community. See also, for example, Jin Woo Choi, “Sneakerheads’ Assessment of Sneaker Value and Behaviors Throughout the Sneaker Ownership Cycle,” *PhD Dissertation*, 2017, p. 103 (“Knowledge gained from the ongoing search for sneaker information was supplemented by a more targeted information search when interviewees were actually considering the purchase of a specific sneaker model for resale. Interviewees sought out information about release dates and locations, as well as information about for how much they could resell the sneakers.”); Wharton, “A ‘Sneakerhead’ Shares His Simple Strategy: Buy Low and Sell High,” August 17, 2016, <https://globalyouth.wharton.upenn.edu/articles/business/sneakerheads-simple-strategy-buy-low-sell-high> (“In this market, knowledge of when and where the [sneaker] release is going to happen is key. I leverage my network to know. Although the timing of selling is important, it is buying the right models at the right times that is critical.”).

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B. Evolution of the Sneakerhead movement

42. To understand Sneakerhead culture as it exists today, it is important to review its origins and development over the last 50 plus years.

1. 1970s: The origins of Sneakerhead culture in New York City

43. The first “stage” of Sneakerhead culture started during the 1970s in marginalized neighborhoods of New York City.³⁶ Sneakers were part of an “underground” culture that gathered around the emergence of hip-hop and rap music.³⁷ Indeed, hip-hop has been not only a music genre, but also a culture, one that included “streetwear” and, by extension, sneakers as an expression of style and identity.³⁸ Sneakers – as a part of hip-hop culture – started to become “objects of desire” to own.³⁹

44. Sneakers were popular among rappers and their fans. Sneakers were an integral part of the hip-hop dress code that signaled belonging to a community.⁴⁰ This group mostly

³⁶ See, for example, Sneaker Jagers, “Sneakers and their Subculture - The Three Stage History,” March 13, 2021, <https://www.sneakerjagers.com/en/n/sneakers-and-their-subculture-the-three-stage-history/19260>.

³⁷ See, for example, East Bay Express, “Sneakerhead Patrick Cheung has dropped up to \$15,000 on athletic shoes, most of which he’ll never wear. There are tens of thousands of people just like him,” February 9, 2005, <https://eastbayexpress.com/sneakerhead-1/> (“The shoes continued their climb through the ’60s and into the ’70s, when a kind of underground sneaker culture arose on the streets.”); Sneaker Jagers, “Sneakers and Their Subculture – the Three Stage History,” March 13, 2021, www.sneakerjagers.com/en/n/sneakers-and-their-subculture-the-three-stage-history/19260 (“Hip-hop culture was anti-mainstream and it thus offered a new space for this subculture.”).

³⁸ See, for example, Weelunk, “Hip Hop: It’s a Culture — Not Just a Music Genre,” February 1, 2019, <https://weelunk.com/hip-hop-its-a-culture-not-just-a-music-genre/> (“Hip Hop: It’s a Culture — Not Just a Music Genre”). He Spoke Style, “The Evolution of Hip Hop Fashion,” February 25, 2022, <https://hespokestyle.com/hip-hop-fashion/> (“The origins of hip-hop go back to the 1970s, and the fashion reflected streetwear that kids in the Bronx already had in their possession, like bomber jackets, tracksuits, and sneakers with oversized shoe laces.”); Get Laced Laces, “Sneaker Culture & Fashion,” <https://getlacedlaces.com/blogs/news/sneaker-culture-fashion/> (“It wasn’t until the 1970s that sneakers truly began to make an impact on street fashion. The emergence of hip-hop culture in the Bronx, New York, saw sneaker brands like [a]ldidas, Puma, and Nike become popular among young people as a symbol of their identity and style.”).

³⁹ See, for example, Sneaker Jagers, “Sneakers and their Subculture - The Three Stage History,” March 13, 2021, <https://www.sneakerjagers.com/en/n/sneakers-and-their-subculture-the-three-stage-history/19260> (“[I]t was hip-hop culture that turned them into objects of desire”).

⁴⁰ See, for example, Fashion & Power, “American Hip Hop Style 1970-1980,” March 15, 2011, <http://fashionandpower.blogspot.com/2011/03/american-hip-hop-style-1970-1980.html> (“Typically, hip-hop artists of the time wore tracksuits, bomber jackets, large glasses, Kangol bucket hats and shelltoe sneakers with oversized laces or no laces at all.”). Dub-Stuy, “Sound System Style & Fashion,” <http://www.dub->

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included marginalized youngsters who saw hip-hop culture as an “anti-mainstream” lifestyle that offered a “creative outlet” to deal with economic hardship.⁴¹

2. *1980s-90s: The expansion of Sneakerhead culture*

45. The “second phase” of Sneakerhead culture started with Michael Jordan wearing the Nike Air Ship in 1984, which served as the inspiration for the Air Jordan 1, which was released to the market in 1985.⁴² Michael Jordan’s endorsement of what became his signature sneakers proved to be a watershed moment in the development of the Sneakerhead culture that found “its way more and more into the general public,” by transcending cultural boundaries that existed during the 1970s.⁴³ The release of the Air Jordan was deemed a “turning point” in the Sneakerhead culture, and sneakers’ appeal became broader.⁴⁴

stuy.com/soundboy-style-fashion (“Effectively since their start, alternative music cultures and fashion have been firmly intertwined. From the Converse’s and Doc Martin’s of punk rock to the importance of [a]didas shoes and Timberland boots within hip-hop, footwear in particular has held an outsized role within both lyrics and culture. At the heart of this is the desire to simultaneously express both individuality and ones belonging to a community; showing off style and status yet also striking a balance between the fun and the serious.”).

⁴¹ See, for example, Sneaker Jagers, “Sneakers and their Subculture - The Three Stage History,” March 13, 2021, <https://www.sneakerjagers.com/en/n/sneakers-and-their-subculture-the-three-stage-history/19260> (“Hip-hop culture was anti-mainstream and it thus offered a new space for this subculture.”) Prepscholar, “The Complete History of Hip Hop,” February 13, 2021, <https://blog.prepscholar.com/hip-hop-history-timeline> (“Faced with a lack of economic opportunity, as well as rising crime and poverty rates, the young people in the Bronx and nearby communities began creating their own kinds of cultural expressions. These forms of expression would come together to form the four pillars of hip hop.”) (Emphasis removed); Icon Collective, “Hip Hop History: From The Streets to The Mainstream,” April 11, 2023, <https://iconcollective.edu/hip-hop-history> (“A new era was on the rise fueled by sentiments of anger, hardship, and abandonment. However, the emerging hip hop movement transformed despair and racial barriers into numerous creative outlets.”).

⁴² See, for example, Sneaker Jagers, “Sneakers and their Subculture - The Three Stage History,” March 13, 2021, <https://www.sneakerjagers.com/en/n/sneakers-and-their-subculture-the-three-stage-history/19260> (“The second phase also began with the release of the Nike Air Jordan 1 in 1985 [...] In 1984, MJ wore his own sneakers on the basketball court for the first time.”); Gear Patrol, “Nike Air Ship: The Original Air Jordan 1, Explained,” April 3, 2023, <https://www.gearpatrol.com/style/shoes-boots/a43386949/nike-air-ship-explained> (“When Michael Jordan made his NBA debut on October 26, 1984, the budding basketball legend wore a pair of white and red sneakers. [...] Jordan wore a pair of shoes dubbed the Nike Air Ship, at least for the first half of the season. He opted for a Nike model that was already made, but would serve, along with the now famous Air Force 1, which debuted in 1982, as inspiration for Jordan’s eponymous high-top, which debuted in 1985.”).

⁴³ See, for example, Sneaker Jagers, “Sneakers and their Subculture - The Three Stage History,” March 13, 2021, <https://www.sneakerjagers.com/en/n/sneakers-and-their-subculture-the-three-stage-history/19260> (“As we move from stage one to stage two, we see that the sneaker subculture is finding its way more and more into the general public - the popularity is increasing.”).

⁴⁴ See, for example, Get Laced Laces, “Sneaker Culture & Fashion,” <https://getlacedlaces.com/blogs/news/sneaker-culture-fashion>. (“The release of the Air Jordan 1 in 1985, designed for basketball player Michael Jordan, marked a turning point in sneaker culture.”).

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46. Air Jordans also contributed to sneakers becoming collectibles. Due to the lasting commercial success of the Air Jordans, Nike “continued to release new Air Jordan models each year, and each one was eagerly anticipated by Sneakerheads and basketball fans alike.” The model of releasing new versions of Air Jordans each year made each release a special iteration of the sneaker, and made obtaining these scarce shoes something that a Sneakerhead could flaunt as a source of pride. People started “lining up for hours” and “camping out overnight” to avoid missing out on Air Jordan releases and paying prices “many times their retail value” to obtain a pair in resale markets.”⁴⁵

47. Around the same time that Air Jordans took off and through the early 1990s, hip-hop culture spread beyond New York City across the United States, gradually becoming mainstream.⁴⁶ The 1990s are described as a “golden era for hip hop, with the genre flourishing and diversifying.”⁴⁷ By the late 1990s, hip-hop became the “top-selling music genre.”⁴⁸

48. Sneakers continued to be ingrained in hip-hop culture, and experienced similar mainstream success. An example of how the success of hip-hop culture and sneakers went hand-in-hand is provided by the partnership between hip-hop group Run-DMC and adidas – the first non-athlete endorsement that “paved the way for the [type of] sponsorships and partnerships we see today.”⁴⁹ In 1986, Run-DMC released their most famous song, “My Adidas” referring to the

⁴⁵ Medium, “Michael Jordan’s Impact on Sneaker Culture,” February 20, 2023, <https://medium.datadriveninvestor.com/michael-jordans-impact-on-sneaker-culture-b68b4a1b7c73> (“The Air Jordan 1 was a huge success, but it was only the beginning. Nike continued to release new Air Jordan models each year, and each one was eagerly anticipated by sneakerheads and basketball fans alike. The Air Jordan line became a cultural phenomenon, with people lining up for hours to buy new releases and some even camping out overnight. The shoes were so popular that they were often resold at prices many times their retail value.”).

⁴⁶ See, for example, Icon Collective, “Hip Hop History: From The Streets to The Mainstream,” April 11, 2023, <https://iconcollective.edu/hip-hop-history> (“During the mid 1980s and early 1990s, hip hop spread across the country in full force. It brought an era that significantly transformed hip hop culture. This new era became known as ‘the golden age of hip hop.’ Many characterize this turning point by its explosion of diversity, influence, stylistic innovation, and mainstream success.”).

⁴⁷ History of HipHop, “1990’s,” <https://historyofthehiphop.wordpress.com/history/1990s> (“Hip-hop became a best selling music genre in the mid-1990s and the top selling music genre by 1999 with 81 million CDs sold.”).

⁴⁸ Icon Collective, “Hip Hop History: From The Streets to The Mainstream,” April 11, 2023, <https://iconcollective.edu/hip-hop-history> (“Hip hop music became even more commercial, becoming the top-selling music genre by the late 1990s.”).

⁴⁹ Rolling Stone, “Into the Footprints Of the Shoe that Changed Hip-Hop Culture,” March 5, 2020, <https://rollingstoneindia.com/into-the-footprints-of-the-shoe-that-changed-hip-hop-culture> (“Their collaboration with adidas also went down in history as the brand’s very first non-athlete endorsement (other sporting brands soon followed suit).”); Shoe Palace, “The History of Run DMC & adidas,” October 5, 2022,

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adidas Superstar sneakers.⁵⁰ This song is described as a “genuine [...] love letter to adidas” and a “tribute to sneaker culture” and predated any promise of a deal or sponsorship with adidas.⁵¹ However, the success of the song and increased sneaker sales soon captured the attention of adidas, which entered into a partnership with Run-DMC.⁵² Despite considering the Superstar “dead” prior to the release of “My Adidas,” adidas’ marketing director later attributed the style’s revived sales to Run-DMC.⁵³ adidas Superstars appealed to consumers beyond their original athletic uses, and became part of “streetwear as a conduit of cultural expression.”⁵⁴ As part of the

www.shoepalace.com/blogs/all/the-history-of-run-dmc-adidas-1 (“But you can easily make the case that RUN DMC & adidas paved the way for the sponsorships and partnerships we see today.”).

⁵⁰ See, for example, Rolling Stone, “Into the Footprints Of the Shoe that Changed Hip-Hop Culture,” March 5, 2020, <https://rollingstoneindia.com/into-the-footprints-of-the-shoe-that-changed-hip-hop-culture> (“In 1986, Run-DMC released their landmark track ‘My [A]didas.’”).

⁵¹ See, for example, Shoe Palace, “The History of Run DMC & adidas,” October 5, 2022, www.shoepalace.com/blogs/all/the-history-of-run-dmc-adidas-1 (“The love RUN DMC had for adidas was authentic and started out with no promises of money. The RUN DMC crew grew up wearing adidas. It was their favorite brand. They did not sign an endorsement deal, and then all the sudden fall in love with the three stripes. The group wore the adidas Superstar religiously and genuinely. [...] The song was created by RUN DMC as a love letter to adidas.”); Rolling Stone, “Into the Footprints Of the Shoe that Changed Hip-Hop Culture,” March 5, 2020, <https://rollingstoneindia.com/into-the-footprints-of-the-shoe-that-changed-hip-hop-culture> (“It was a tribute to sneaker culture [...]”).

⁵² See, for example, One37PM, “The History and Legacy of the Run-DMC adidas Partnership,” January 20, 2023, www.one37pm.com/style/run-dmc-adidas-partnership (“Well, you’d have to imagine that a hit song causing a lot of conversation called ‘My Adidas’ would eventually capture the attention of adidas executives. And that’s exactly what the track did. Not only that, but the success of ‘My Adidas’ was in turn resulting in more sales for the company, with many wanting to mimic the group’s way of pairing the adidas Superstar with its respective track suits. [...] Run-DMC partnered with adidas [...]”); Sneaker Breaker, “Run DMC adidas : All You Need to Know About the Partnership,” <https://sneakerbreaker.com/run-dmc-adidas-all-you-need-to-know-about-the-partnership> (“Shortly after the ‘My [A]didas’ single came out, adidas noticed that their sales began to go up, but they didn’t know why. They began doing their research and found out that one of the main reasons their sales began to skyrocket was because of Run-D.M.C. and their love for adidas footwear.”).

⁵³ See, for example, High Snobiety, “A Very Brief History of the adidas Superstar, Continued,” 2016, www.highsnobiety.com/p/history-adidas-superstar-continued-finish-line (“As Angelo Anastasio, adidas’ marketing director between 1984 and 1991 claims in the ‘Just for Kicks’ sneakers doc, in the early ‘80s, ‘the Superstar was dead. But Run DMC singlehandedly brought that shoe back.’”).

⁵⁴ Rolling Stone, “Into the Footprints Of the Shoe that Changed Hip-Hop Culture,” March 5, 2020, <https://rollingstoneindia.com/into-the-footprints-of-the-shoe-that-changed-hip-hop-culture>.

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cultural expression, many consumers customized the look of their Superstars,⁵⁵ for instance by imitating Run-DMC's removal of the laces.⁵⁶

49. During this time, sneakers became embedded in fashion and popular culture, prominently worn not only by numerous figures of hip-hop, but also by stars of other genres, including alternative rock band Nirvana's Kurt Cobain, who regularly wore All Star Converse.⁵⁷ Sneakers became an integral part of the growing "streetwear" industry,⁵⁸ and appeared in, and were marketed through, commercial films among other means.⁵⁹

50. The 1990s also saw the birth of a community that wanted to wear the "freshest," hardest to find sneakers.⁶⁰ As Sneakerhead culture expanded widely, this community wanted to differentiate itself from others who wear sneakers. This is when sneaker brands introduced the

⁵⁵ See, for example, Rolling Stone, "Into the Footprints Of the Shoe that Changed Hip-Hop Culture," March 5, 2020, <https://rollingstoneindia.com/into-the-footprints-of-the-shoe-that-changed-hip-hop-culture> ("Run-DMC's flouting of sartorial rules also led people to customize their own Superstars as they fit the streets to their feet.").

⁵⁶ See, for example, L'Officiel, "8 Sneaker Trends That Started With Hip Hip," August 18, 2022, www.lofficielusa.com/fashion/hip-hop-most-iconic-shoes-adidas-nike-airjordan-clarks ("Run DMC would wear all [a]didas tracksuits and Superstars without laces during their performances. As their look became more popular and attracted more customers to [a]didas, the sportswear company sponsored Run DMC."); Shoe Palace, "The History of Run DMC & adidas," October 5, 2022, www.shoepalace.com/blogs/all/the-history-of-run-dmc-adidas-1 ("The iconic hip hop trio wore the adidas Superstar with the laces removed. This was a touch that people everywhere started to emulate.").

⁵⁷ See, for example, The Collector, "A History of Sneakers: How They Became Staples of Modern Fashion," January 26, 2021, www.thecollector.com/evolution-of-sneakers-modern-fashion-collecting ("Converse sneakers were starting to be worn by rock and punk artists including Kurt Cobain, Joe Strummer, or Billie Armstrong."); Style Circle, "Why Kurt Cobain is Still a Fashion Icon," December 1, 2020, <https://stylecircle.org/2020/12/why-kurt-cobain-is-still-a-fashion-icon> ("Whether it was intentional or not, he [Kurt Cobain] was a trendsetter in his time; many of his looks have become iconic, and still influential to this day."); Fast Fashion News, "The History of the Iconic Converse Chuck Taylor All-Star Sneaker," April 24, 2023, www.fastfashionnews.co.uk/the-history-of-the-iconic-chuck-taylor-sneaker ("Some of us can't picture Kurt Cobain of Nirvana in anything else than the classic black and white high-top version of the shoe [Converse Chuck Taylor All Star].").

⁵⁸ See, for example, The Prospector, "Sneakerheads And Their Influence on Fashion," April 5, 2022, <https://www.theprospectoraily.com/2022/04/05/sneakerheads-and-their-influence-on-fashion> ("As streetwear became trendy during the '80s so did sneakers.").

⁵⁹ See, for example, The Collector, "A History of Sneakers: How They Became Staples of Modern Fashion," January 26, 2021, www.thecollector.com/evolution-of-sneakers-modern-fashion-collecting ("Some sneakers featured in movies became so popular that consumer demand eventually made it possible for real-life versions to be sold years later.").

⁶⁰ See, for example, "Sneakerheadz," 2022, 4:45 – 4:50.

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concept of “Limited Releases” – selling special models of their products in scarce quantities,⁶¹ often featuring a “collab” with a notable figure.⁶² Some examples of early collabs and limited releases include the Nike Air Max CB34 (a collab with pro-basketball player Charles Barkley in 1994), the Nike Air Trainer SC (a collab with two-sport pro athlete Bo Jackson in 1990) and Nike Air Mowabb (a hybrid running and hiking sneaker produced with limited colorways in 1991), and premium lifestyle versions of King and Easy Rider models (a collab between Puma and fashion designer Jil Sander).⁶³ Thus, as Sneakerhead culture became more popular and widely adopted, the desire to stand out created demand for “fresh” and “unique” sneakers which were eagerly provided by companies in the form of “limited editions.”

3. 2000’s – Present Day: The mass adoption of Sneakerhead culture

51. The “third stage” of Sneakerhead culture came with the opportunities to connect and share experiences that arose from the democratization of the Internet and the development of smartphones in the 21st century.⁶⁴ Advancements in these technologies and globalization accelerated the trends that started in the second wave, namely wider appeal and popularity of sneakers, and further increased the importance of sneakers in popular culture relative to the prior “waves” of Sneakerhead culture.⁶⁵

⁶¹ See, for example, Complex, “The Story of How Limited Edition Sneakers Came to Be,” May 27, 2015, www.complex.com/sneakers/2015/05/how-limited-edition-sneakers-came-to-be (“Limited sneakers are here to stay. Whether it was the Air Jordan 1, XI, Nike’s player exclusives in the early ’90s or the infamous Pigeon riot, those moments cracked the ground and shifted the culture.”), (“Attempting to jog his memory, the Pitt native finally settled on 1991 as the first year that really set things off from Nike’s POV.”).

⁶² See, for example, The Economist, “What is Driving the Proliferation of Counterfeit Sneakers,” 2022, <https://www.economist.com/films/2022/12/08/what-is-driving-the-proliferation-of-counterfeit-sneakers>, 6:30 – 6:36.

⁶³ See, for example, GQ, “The 50 Greatest Sneaker Collaborations in Nike History,” August 22, 2022, <https://www.gq.com/story/nike-50-greatest-sneaker-collaborations>; SneakerFiles, “Nike Air Mowabb,” <https://www.sneakerfiles.com/nike/nike-running/nike-air-mowabb>; GOAT, “10 of the Most Influential Sneaker Collaborations of All Time,” <https://www.goat.com/editorial/best-sneaker-collaborations-all-time>; Fat Buddha Store, “The History of Puma,” <https://us.fatbuddhastore.com/history-of-puma-i194>.

⁶⁴ See, for example, Sneaker Jagers, “Sneakers and Their Subculture – the Three Stage History,” March 13, 2021, www.sneakerjagers.com/en/n/sneakers-and-their-subculture-the-three-stage-history/19260 (“The third stage came mainly with the flood of the Internet as well as the development of smartphones in the 21st century.”).

⁶⁵ See, for example, Sneaker Jagers, “Sneakers and Their Subculture – the Three Stage History,” March 13, 2021, www.sneakerjagers.com/en/n/sneakers-and-their-subculture-the-three-stage-history/19260 (“In the third stage, the trends that started in the second stage were accelerated due to the invention of the Internet and smartphones

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52. The Internet made finding and purchasing sneakers more accessible and convenient; the “hunt” for sneakers moved from physical locations to websites, giving consumers with Internet the ability to shop from diverse locations, as described in more detail in **Section V.C.**

53. In addition, discussion boards, and later, social media allowed for the promotion, discussion of, and connection to sneakers. Sneakerheads took to NikeTalk, Instyeshoes, and later Instagram, Facebook, Twitter, and YouTube to promote their collections, discuss brands, and connect with one another.⁶⁶ Social media is one of the key ways in which brands generate hype or demand for their products.⁶⁷ Brands can create hype on social media, including through partnerships with celebrity accounts for new product launches, especially product drops or limited editions (*See Section V.A*). For example, when re-releasing the iconic Stan Smith shoe, adidas Originals launched a Twitter campaign that asked people to submit their photo for the Stan Smith tongue design with the potential to get their personalized Stan Smith.⁶⁸ This adidas

in particular. Globalization and the advancement of new technologies have also increased the worldwide spread of sneaker popularity with social media as a communication tool.).

⁶⁶ See, for example, Boardroom, “The ‘Cool Grey’ Air Jordan 11: An Oral History,” December 10, 2021, <https://boardroom.tv/cool-grey-air-jordan-11-sneaker-history> (“In 2000, two sneaker sites mattered more than any other: NikeTalk and Instyeshoes.”); Social Insider, “Brand Analysis: 5 Key Takeaways From [a]didas’ Social Media Strategy,” April 15, 2021, <https://www.socialinsider.io/blog/adidas-social-media-strategy> (“[a]didas is one of the most followed sports brands online. It has social media profiles on all major platforms, such as Facebook, Instagram, LinkedIn, Twitter, YouTube, TikTok, and Pinterest.”); FootBasket, “The Link Between Sneaker Culture & Social Media: 3 Things to Know,” March 31, 2023, <https://www.footbasket.com/2023/03/the-link-between-sneaker-culture-social.html> (“Sneakerheads that use social media can find thriving communities online, too. Social media has made sneaker culture more accessible as anyone with a Twitter account or Reddit profile can weigh in on the latest trends, collaborations, and designs.”).

⁶⁷ See, for example, Kelcie Slaton and Sanjukta Pookulangara, “Collaborative Consumption: An Investigation Into the Secondary Sneaker Market,” *International Journal of Consumer Studies*, 2021, p.768 (“The findings from the study indicated that during the pre-acquisition stage, when images on social media of sneakers worn by celebrities or individuals of a higher status are viewed, sneakerheads activate both emotional and monetary value, thus creating hype.”).

⁶⁸ See, for example, Complex, “[a]didas is Trying to Take Over the Sneaker World Through Social Media,” July 25, 2016, <https://www.complex.com/sneakers/2016/07/adidas-is-trying-to-take-over-the-sneaker-world-through-social-media> (“Giving Twitter followers the chance to have their own likeness made up in the green and white of the Stan Smith tongue artwork, [adidas Original] made consumers feel as though they were part of the story and part of the campaign.”).

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Originals Twitter feed alone picked up 13,000 mentions and over 15,000 new followers outperforming previous records on both counts.⁶⁹

54. There are additional ways brands can build hype for a product launch outside of social media. For instance, in 2022, Nike launched a raffle for the chance to buy the new “Reverse Mocha” Jordan 1 Low designed by Travis Scott. The raffle drew 2.4 million entries in its first 30 minutes, ultimately reaching 3.8 million entries, a record for Nike’s SNKRS app.⁷⁰ Notably, this was just an entry for the chance to buy a “Reverse Mocha”; winners still had to purchase the actual sneaker.

55. Sneakerhead culture has developed through a combination of consumer demand, brand marketing, and Internet-fueled hype. The Internet and social media have brought Sneakerhead culture to center stage and allowed for tremendous growth. Today, there are countless events, meet-ups, and conventions geared towards connecting Sneakerheads with a passion for sneakers.

IV. SNEAKERHEADS’ MOTIVES FOR PURCHASE ARE VARIED

56. Sneakers are one of the most commonly purchased types of shoes. A survey taken in 2021 showed over 50% of the adult population aged between 16 to 50 in the United States bought sneakers in the past two years.⁷¹ However, my experience with, and engagement of, the Sneakerhead community has revealed that different reasons typically motivate Sneakerheads to purchase sneakers. As outlined in additional detail below, Sneakerheads may purchase sneakers to collect, display, or wear them; as an investment; or to emulate or remember a person or

⁶⁹ See, for example, Cargo Collective, “Social Activation - Stan Yourself for adidas Originals,” <https://cargocollective.com/MattTarr/Social-Activation-Stan-Yourself-for-adidas-Originals> (“We processed over 24,000 tweets during the five day activation and tweeted nearly 2,000 bespoke tongue graphics to fans. During the week of the activation, the adidas Originals twitter feed alone picked up 13,000 mentions and over 15,000 new followers smashing previous records on both counts.”).

⁷⁰ See, for example, Complex, “Travis Scott’s Last Air Jordan Collaboration Set a Nike Record,” September 29, 2022, <https://www.complex.com/sneakers/travis-scott-nike-air-jordan-1-low-reverse-mocha-snkrs-record> (“The aforementioned ‘Reverse Mocha’ Jordan 1 Low launch on Scott’s website drew 2.4 million entries in a short 30-minute span, a source confirmed to Complex in July.”).

⁷¹ Statista, “Share of Americans Who Bought Athletic Shoes in the Last 24 Months in 2021, by Generation,” March 9, 2022, www.statista.com/statistics/231404/people-who-bought-athletic-shoes-in-the-last-12-months-usa (A survey taken in 2021 showed over 50% of the responded population aged between 16 to 50 in the US bought sneakers in the past two years).

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movement. Sneakerheads may purchase sneakers for multiple of these reasons at the same time, and these reasons can change over time.

A. To collect

57. Sneakerheads often accumulate large collections of sneakers, effectively making them collectors. Some purchase hundreds or even thousands of pairs of shoes, sometimes losing track of how many shoes they own.⁷² They repurpose entire rooms in their homes to hold their collections (*See* rapper DJ Khaled's sneaker room in **Figure 1**), or use expansive storage units.⁷³ Samantha Ronson, a famed English DJ, songwriter, and a sneaker designer herself, houses her sneaker collection in a storage unit.⁷⁴ NFL player Joe Haden also stores 1,200 of his 1,500 pairs of sneakers in a storage unit.⁷⁵

⁷² See, for example, "Sneakerheadz," 2022, 26:32 – 26:37, 26:38 – 26:43, 26:45 – 26:55.

⁷³ See, for example, "Sneakerheadz," 2022, 27:32 – 27:52.

⁷⁴ "Sneakerheadz," 2022, 28:16 – 28:25; Sneaker News, "Samantha Ronson x Supra Indy - Distressed Black Gold," August 5, 2009, <https://sneakernews.com/2009/08/05/samantha-ronson-x-supra-indy-distressed-black-gold/>.

⁷⁵ Sports Illustrated, "Joe Haden Needs a Storage Unit for His Sneaker Collection," October 4, 2019, <https://www.si.com/nfl/2019/10/04/joe-haden-steelers-sneaker-collection-podcast> ("I would probably have about 300 [pairs of sneakers] at the house and the rest, like 1,200 in a facility... I had a normal-sized storage unit but I just kept having to get a bigger storage unit.").

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Figure 1: DJ Khaled's "Sneaker Kingdom"⁷⁶

58. For some, collecting sneakers provides a sense of belonging to a bigger community. Elliot Curtis, co-founder of Sneakerology, an online storefront for sneakers, states “I felt like I was part of a crew. I felt like I was in on a secret.”⁷⁷

59. While customers purchasing most mass-produced sneakers intend to wear them, many collectors do not wear their shoes in part because sneakers lose much of their value once worn.⁷⁸ As a result, sneaker collectors often buy two pairs of the same shoes if they also want to

⁷⁶ Airbnb, “My Sneaker Kingdom,” <https://www.airbnb.com/rooms/717412904757285262>.

⁷⁷ “Sneakerheadz,” 2022, 9:52 – 9:56.

⁷⁸ See, for example, Christie’s, “Collecting Guide: 10 Things to Know About Sneakers,” November 23, 2022, www.christies.com/features/sneakers-collecting-guide-12552-3.aspx (“To wear or not to wear ... Worn sample or limited-production shoes, for example, that are usually \$10,000 and up if unused can be purchased for a fraction of the price.”). Vessi, “What Does DS Mean In Shoes? Shoe Terminology Explained,” <https://ca.vessi.com/blogs/the-forecast/what-does-ds-mean-in-shoes-shoe-terminology-explained> (“[Deadstock shoes] are brand new and have never been worn, which is why they are often highly sought after by sneaker enthusiasts and collectors.”); CNBC, “Inside One of the World’s Largest Sneaker Collections, Worth Millions - And it’s Owned by 3 Women,” January 31, 2020, <https://www.cnbc.com/2020/01/31/photos-sneaker-collection-worth-millions-owned-by-chicks-with-kicks.html> (“Inside one of the world’s largest sneaker collections [...] a vintage pair of 1985 Jordan sneakers [...] have never been worn and are kept in the original box. Because of this, the Peters sisters say sneaker collectors are willing to pay a premium: ‘We value these at about \$10,000’”).

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wear them – a strategy dubbed, in Sneakerhead lingo, “one to rock, one to stock.”⁷⁹ This strategy allows sneaker collectors to get street credit and express their style without damaging their collection.

60. Other Sneakerheads may take to social media to flaunt their collection or recent buys to gain street credit without wearing them. For instance, Kenny Gonzales, a long-time sneaker collector, started the Instagram account, “The Perfect Pair,” as a way to display his vast collection of sneakers. The account now has over 600,000 followers.⁸⁰ Rebecca Hyldahl, social media “influencer” and Sneakerhead, similarly displays her sneaker collection and recent purchases on her Instagram page for her 150,000 followers. She also has partnered with brands such as Nike to design her own sneakers, and performs “unboxings” or opening of new products on her page.⁸¹

B. To memorialize key people and events

61. Sneaker companies’ partnerships with athletes, musicians, designers, and brands allow for important events and figures to be memorialized by unique sneaker models. For instance, adidas launched a limited-edition tie-dye sneaker to commemorate the 50th anniversary of the Woodstock musical festival. The sneaker, designed in collaboration with Nice Kicks, a sneaker news and information company, “pays homage to the hippie movement and reminds everyone the original message of coming together in hopes for a brighter and more peaceful future.”⁸² A Sneakerhead with a deep interest or connection to Woodstock and/or one of these designers could purchase sneakers from this limited edition to serve as memorabilia.

62. Sneakerheads can also purchase sneakers that are created in collaborations with their favorite athletes or artists; they purchase these items to emulate their idols and memorialize their passion for the collaborators. As artist and sneaker designer Dave Ortiz puts it, people enjoy

⁷⁹ See, for example, KUOW, “Life of A Sneakerhead: One to Rock, One to Stock,” May 21, 2014, www.kuow.org/stories/life-sneakerhead-one-rock-one-stock.

⁸⁰ Kenny Gonzales, “@the_perfect_pair,” https://instagram.com/the_perfect_pair, Instagram.

⁸¹ Rebecca Hyldahl, “@rebeccahyldahl,” <https://instagram.com/rebeccahyldahl>, Instagram.

⁸² US Magazine, “[a]didas and Nice Kicks Pay Tribute to Woodstock With a Limited-Edition Tie-Dye Sneaker,” August 14, 2019, <https://www.usmagazine.com/stylish/news/adidas-x-nice-kicks-limited-edition-tie-dye-sneakers-pics>.

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“trying to emulate their heroes by wearing the same thing they wear.”⁸³ After Virgil Abloh’s passing in 2021, the price of Off-White sneakers, designed by Abloh in collaboration with Nike, spiked on resale platforms and stores.⁸⁴ While prices settled in the days following his death, they generally remained higher than they were when Abloh was alive.⁸⁵ This is indicative of the desire of Sneakerheads to own “a piece” of individuals they look up to; Caitlin Donovan, VP of streetwear and sneakers at Christie’s, noted, “The idea of not being able to have a part of his larger impact in fashion I think made people really want to go out and get a piece of it.”⁸⁶

63. Another way Sneakerheads can get a “piece” of their idols, especially of sports figures, is by collecting athletes’ worn and/or signed sneakers. For instance, Sotheby’s has an entire page dedicated to “signed and game-worn sneakers,” featuring sneakers worn and/or signed by basketball stars like Magic Johnson, Larry Bird, Julius Erving, and Michael Jordan.⁸⁷ Preston Truman, an NBA ball boy, was able to connect with Michael Jordan after his infamous

⁸³ “Sneakerheadz,” 2022, 6:44 – 6:49.

⁸⁴ See, for example, Jessica Testa, “Sneaker Sellers Wrestle With Price Spikes After Virgil Abloh’s Death,” *The New York Times*, December 16, 2021, <https://www.nytimes.com/2021/12/16/style/sneakers-price-spikes-virgil-abloh.html> (“Tracking the market today, [a Christie’s representative] said the initial frenzy has calmed, but she expects resale value to remain strong. (The heightened StockX prices gradually fell in the days after Mr. Abloh’s death, though they appear, from listings of recent sales, to be generally higher than when Mr. Abloh was alive.) ‘The idea of not being able to have a part of his larger impact in fashion I think made people really want to go out and get a piece of it.’”).

⁸⁵ See, for example, Jessica Testa, “Sneaker Sellers Wrestle With Price Spikes After Virgil Abloh’s Death,” *The New York Times*, December 16, 2021, <https://www.nytimes.com/2021/12/16/style/sneakers-price-spikes-virgil-abloh.html> (“Tracking the market today, [a Christie’s representative] said the initial frenzy has calmed, but she expects resale value to remain strong. (The heightened StockX prices gradually fell in the days after Mr. Abloh’s death, though they appear, from listings of recent sales, to be generally higher than when Mr. Abloh was alive.) ‘The idea of not being able to have a part of his larger impact in fashion I think made people really want to go out and get a piece of it.’”).

⁸⁶ Jessica Testa, “Sneaker Sellers Wrestle With Price Spikes After Virgil Abloh’s Death,” *The New York Times*, December 16, 2021, <https://www.nytimes.com/2021/12/16/style/sneakers-price-spikes-virgil-abloh.html>.

⁸⁷ Sotheby’s, “Signed and Game-Worn Sneakers,” <https://www.sothebys.com/en/articles/signed-and-game-worn-sneakers>.

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“flu game”⁸⁸ to get his Air Jordans. Truman held onto the sneakers for over 16 years before ultimately selling them.⁸⁹

C. To display as art

64. Many Sneakerheads display their collections in their home, with entire closets and rooms devoted to sneakers. “Complex Closets,” a YouTube series produced by Complex, is dedicated to featuring the sneaker collections of famous rappers and sneaker collectors. Rapper Jayceon Terrell Taylor, known as “The Game,” gave Complex Closets a tour of his personally designed sneaker room, equipped with bullet proof glass displays for some sneaker models and a custom sneaker clock (*See Figure 2*).

⁸⁸ See, for example, ESPN, “\$104,765 for Michael Jordan’s shoes,” December 13, 2013, https://www.espn.com/chicago/nba/story/_/id/10124171/michael-jordan-flu-game-shoes-shatter-record-price-auction (“‘I have looked at the shoes maybe four times since putting them in a safety deposit box 16 years ago,’ Truman said. ‘I would go years without even thinking about it. [...] I just didn’t see the point to something so cool and a part of NBA history sitting at my bank anymore.’”).

⁸⁹ See, for example, Yahoo, “Michael Jordan Once Gifted His Shoes to a Ball Boy. Then, Things Got Really Messy,” April 26, 2023, <https://www.yahoo.com/lifestyle/michael-jordan-once-gifted-shoes-193200896.html>; “Sneakerheadz,” 2022, 47:20 – 48:35.

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Figure 2: The Game's Custom Sneaker Clock⁹⁰

65. Other YouTube channels such as RESHOEVN8R provide similar sneaker collection deep dives. The channel produced a three-part series around Kenny Gonzales, the aforementioned founder of “The Perfect Pair,”⁹¹ and his sneaker collection. In addition to hundreds of pairs of sneakers, the collector owns a pair of game-worn, last-shot Jordan 14s, autographed by the entire Bulls team. His brother designed a custom case to display the sneakers; the pair is insured for \$1.5 million.⁹²

66. In other cases, sneaker collectors may display their collection in more formal settings, including in art galleries or museums. For instance, in July 2019, an unworn pair of

⁹⁰ Complex, “The Game Shows Off his Bulletproof Sneaker Collection on Complex Closets,” May 13, 2019, <https://www.youtube.com/watch?v=eXCVLjZUn2o>.

⁹¹ The Perfect Pair (@the_perfect_pair) is an Instagram account with over 600,000 followers featuring Gonzales’ personal sneaker collection and artistic displays.

⁹² RESHOEVN8R, “The Rarest and Best Sneaker Collection in the World,” 2022, https://www.youtube.com/watch?v=_ra50gbXL5w, 14:50 – 16:20.

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Nike “Moon Shoes” was sold by Sotheby’s for \$437,500 in an online auction,⁹³ to a buyer planning to display the shoes in his private museum in Toronto.⁹⁴

67. As another example, Virgil Abloh, the Chicago area artist and fashion designer who passed away in 2021, held sneaker-focused exhibits in art museums across the United States, including the Museum of Contemporary Art in Chicago, the High Museum of Art in Atlanta, and the Brooklyn Museum. The exhibits showcased Abloh’s work relating to sneakers, presented alongside the artist’s other pieces in high fashion, furniture, music, and graphic design.⁹⁵

D. To wear to be cool

68. Fashion trends can also influence consumers’ sneaker purchase patterns. “Buying cool” in the Sneakerhead community refers to the practice of buying sneakers based on the current fashion trends. Wearing these “cool” trends can give wearers street credit and respect and can give insight into the interests and style preferences of the wearer. For example, Rob Dydek, a professional skateboarder and sneaker designer, points out that sneakers are one of “a handful of things that can define who you are without saying a word.”⁹⁶

E. To purchase as an investment

69. Sneakers may provide attractive investment opportunities for purchasers. As discussed in **Section V.A**, limited release sneakers are highly sought after and as such, are likely to retain value over time.⁹⁷ For this reason, some consumers seek out limited release sneakers as

⁹³ See, for example, Boston Herald, “Nike Track Shoes Used in 1972 Olympic Trials Sell for \$50G,” August 15, 2019, www.bostonherald.com/2019/08/15/nike-track-shoes-used-in-1972-olympic-trials-sell-for-50k.

⁹⁴ See, for example, Artnews, “Can a Shoe Be a Work of Art?,” January 23, 2020, www.artnews.com/art-news/news/sneakers-auction-house-category-1202676047.

⁹⁵ High Museum of Art, “Virgil Abloh Fashion, Art and Design Coming to the High in Fall 2019 Exhibition,” October 16, 2019, <https://high.org/press-release/virgil-abloh-fashion-art-and-design-coming-to-the-high-in-fall-2019-exhibition>.

⁹⁶ “Sneakerheadz,” 2022, 11:00 – 11:07.

⁹⁷ See, for example, HuffPost Life, “Investing In Sneakers Can Be A Better Investment Than Gold. Here’s How,” October 29, 2018, https://www.huffpost.com/entry/sneakers-good-investment_n_5bd1f5ebe4b0d38b588143ee; TD Cowen, “Sneakers as an Alternative Asset Class, Part II,” July 20, 2020, <http://www.cowen.com/insights/sneakers-as-an-alternative-asset-class-part-ii>.

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investment opportunities – either to buy and hold or to immediately sell for profit (to “flip”). Even vintage mass-market sneakers can serve as a sound investment. For instance, while Converse sneakers are generally seen as mass-market – the company has sold over 550 million pairs of sneakers since its founding in 1917, with recent prices of products falling in the \$65-\$150 range – certain rare and vintage Converse sneakers are listed at hundreds to thousands of dollars on resale market sites such as eBay, Etsy, and StockX.⁹⁸

70. TD Cowen, a financial services firm, describes sneakers as an alternative asset class. They estimate a projected 20% yearly growth and highlight the valuable characteristic that sneakers are not correlated with traditional asset classes.⁹⁹

V. DYNAMICS BETWEEN SNEAKER BRANDS AND RESELLERS AND THE INTERNET REVOLUTION

71. Sneakerheads can purchase sneakers from various sources. They may purchase them directly from proprietary brands such as Nike or adidas, or from authorized sellers such as Foot Locker, Kith, Extra Butter, or Bodega. Alternatively, Sneakerheads can purchase product from resellers, who are generally individuals selling on online platforms such as eBay, Facebook Marketplace, and StockX.

A. Scarcity drives demand

72. Brands control the quantity and types of sneakers they release to the public. Brands release various types of shoes, including both mass-market sneakers and limited releases. Limited releases are typically only available for only a limited time and in limited quantity, creating scarcity. In some cases, brands may release as few as 20 pairs of a particular model of

⁹⁸ See, for example, Converse, “Converse,” <https://www.converse.com>; Visually, “The History of Converse,” <https://visual.ly/community/Infographics/lifestyle/history-converse>; StockX, “Converse,” <https://stockx.com/converse/most-expensive>; Etsy, “RARE DEADSTOCK!!! Vintage 1970’s Converse The Winner High Top Sneakers White Sz 8.5,” <https://www.etsy.com/listing/799277609/rare-deadstock-vintage-1970s-converse>; eBay, “Vintage Converse Seinfeld All Star Chuck Taylor Tri Multi Color Rare Made In USA,” www.ebay.com/itm/194090957663.

⁹⁹ TD Cowen, “Sneakers as an Alternative Asset Class, Part II,” July 20, 2020, <http://www.cowen.com/insights/sneakers-as-an-alternative-asset-class-part-ii>. (“Our estimates of third party data and interviews with channel participants suggest the sneaker and streetwear resale market is north of \$2B in North America, growing by 20%+ y/y with potential to reach \$30 billion globally by FY30E.”).

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sneaker. As a result, consumers often must wait in line – sometimes for days – or enter a raffle for their chance to purchase limited editions (**Figure 3**).¹⁰⁰

Figure 3: Long Lines for New Sneaker Releases¹⁰¹



73. Scarcity has been an important driver of Sneakerhead culture and hype. Sneakerheads often strive to own products that are rare and that nobody else has. For instance, Bobbito Garcia, a DJ and long-time Sneakerhead, notes:

The popularity of kicks that have been put out of production is nothing new to kids in New York who grew up within basketball subculture. It wasn't the key necessarily to have a pair that was out of production, but rather to have a pair that nobody else had, whether it be 'cause they were an old model, or because they was in a hot flavor, or because they weren't available to the public, and only to college/pro teams.¹⁰²

¹⁰⁰ See, for example, "Sneakerheadz," 2022, 00:56 – 1:26; The Famuan, "It's All About the Shoes as Nike Releases Draw Crowds," March 30, 2018, <http://www.thefamuanonline.com/2018/03/30/its-all-about-the-shoes-as-nike-releases-draw-crowds>; Queue-it, "What are Sneaker Raffles, How do They Work & Why do Retailers Use Them," February 23, 2023, <https://queue-it.com/blog/sneaker-raffles/>.

¹⁰¹ Medium, "How Teens Are Making Thousands of Dollars in this Billion Dollar Industry," August 17, 2019, <https://medium.com/@champions8022/how-teens-are-making-3000-per-month-in-this-billion-dollar-industry-4bb6fd727995>.

¹⁰² Bobbito, "Confessions of a Sneaker Addict," *The Source*, May 1991, https://pressrewind.files.wordpress.com/2007/04/bobbito_source591.jpg.

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74. The use of limited releases, nicknamed “product drops,” to cause scarcity by brands has given rise to an entire “drop culture” – the community, jargon, and behavior of people who “embrace product drops.”¹⁰³

75. Brands, including Nike, use scarcity as a marketing device, capitalizing on Sneakerheads’ desire to own rare sneakers. Footwear brand ASICS’s Lifestyle Director Mike Jensen noted “scarcity is currency.”¹⁰⁴ Nike calls this strategy “quick strikes,”¹⁰⁵ reporting over 40 collab/limited edition sneakers on its website, and featuring a calendar of upcoming releases, with new limited editions dropping daily.¹⁰⁶ More recently, Nike has begun selling limited-release shoes exclusively through a lottery system only accessible in its SNKRS app. Limited supply creates the aura of exclusivity, increasing consumer demand and generating hype for the product and the brand. On the SNKRS app, for example, social media tools allow users to post their sneaker purchases online via the app, and heighten the hype around Nike’s limited releases.¹⁰⁷

B. Scarcity drives the need for a resale market

76. The limited nature of sneaker releases by brands has led to an active resale market where popular sneaker models are traded. The resale market for sneakers has exploded in recent years and is expected to continue its rapid growth, estimated to reach \$30 billion globally by 2030.¹⁰⁸ The resale market has played a vital role in making sneakers more accessible. It is, and has always been, an important means through which Sneakerheads can access the rare and

¹⁰³ See, for example, Queue-it, “Drop Culture: The Wild History & Exciting Future of Product Drops,” August 12, 2022, <https://queue-it.com/blog/drop-culture/> (“Drop culture is the thinking, behavior, and community of customers and brands that embrace product drops. [...] Drop culture is closely related to sneaker and streetwear culture. It’s spawned its own communities, billion-dollar companies, media outlets and forums, and jargon.”).

¹⁰⁴ “Sneakerheadz,” 2022, 33:20 – 33:23.

¹⁰⁵ “Sneakerheadz,” 2022, 17:50 – 18:01.

¹⁰⁶ Nike, “Nike SNKRS. Release Dates,” www.nike.com/launch.

¹⁰⁷ See, for example, Fox Business, “Why Investors Should Pay Attention to Nike’s SNKRS App,” March 16, 2016, www.foxbusiness.com/markets/why-investors-should-pay-attention-to-nikes-snkrs-app.

¹⁰⁸ See, for example, TD Cowen, “Sneakers as an Alternative Asset Class, Part II,” July 20, 2020, <http://www.cowen.com/insights/sneakers-as-an-alternative-asset-class-part-ii> (TD Cowen’s research suggests that “the sneaker and streetwear resale market is north of \$2B in North America, growing by 20%+ y/y with potential to reach \$30 billion globally by FY30E.”).

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limited release styles that they may not have been able to obtain directly from the brand. When limited releases sell out when released by the brand, they then are available only through the resale market, often at prices much higher than the original retail price.¹⁰⁹ The resale market also allows Sneakerheads to trade in rare, vintage styles that are no longer accessible from brands or authorized sellers.¹¹⁰

77. Some Sneakerheads purchase multiple pairs of sneakers directly from brands or authorized sellers, with the goal of reselling them.¹¹¹ Resellers look to the reaction towards sneaker releases by brands to identify the most lucrative products and price them accordingly. Many Sneakerheads have a preference towards buying limited-release sneakers because, as explained in **Section V.A**, they are more likely to retain value over time. As a result, limited-release sneakers hold value as investments far beyond the amounts at which they retail when bought directly from brands or authorized sellers.

78. This, in turn, increases the value of the brand's future releases, as people compete to purchase them at retail to resell them.

C. The digital revolution changed how sneakers are purchased

79. Prior to the Internet, Sneakerheads often had to put in significant time and effort to locate popular shoes. As Russ Bengtson, former Sneaker Editor of Complex magazine explains, "before the Internet, you had to either know some place, know someone, or know something to get your hands on certain releases."¹¹² Some serious collectors went even further. According to Elliot Curtis, co-founder of Sneakerology, "prior to the Internet, if you were really a sneaker collector, you would have to travel to different cities to get certain models."¹¹³ For example, people traveled between New York, Philadelphia, and Baltimore to learn about and

¹⁰⁹ See, for example, Finance Buzz, "How to Invest in Sneakers (Yes, We Said Sneakers)," February 6, 2023, <https://financebuzz.com/how-to-invest-in-sneakers> ("Some popular shoe releases are limited to small runs. Others are available only in specific markets [...] As soon as they are released in the retail market, the resale value starts to skyrocket.").

¹¹⁰ See, for example, "Sneakerheadz," 2022, 17:56 - 18:00.

¹¹¹ See, for example, "Sneakerheadz," 2022, 16:43 - 16:53.

¹¹² "Sneakerheadz," 2022, 13:29 - 13:33.

¹¹³ "Sneakerheadz," 2022, 14:35 - 14:41.

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purchase sneakers not available at their local shoe store, such as Nike's Air Force Ones, which were rereleased in 1985 to only three stores in Baltimore.¹¹⁴ Information about new releases was obtained mainly at physical retail locations, and often involved a return trip to that retail location at the specific time of a release.¹¹⁵ As a result, individuals who lived far from physical marketplaces had little to no access to sneakers. For example, Russ Bengtson questioned, "if you were a kid in Iowa, before the Internet, where do you go?"¹¹⁶

80. The resale market for sneakers was transformed by the Internet. When access to the Internet broadened, some Sneakerheads began trading shoes online through forums such as NikeTalk and online marketplace eBay, often at prices higher than the original retail price.¹¹⁷ What was once a physical hunt for valuable sneakers in select locations became a more democratized and open hunt for valuable sneakers online. Sneakerheads also no longer needed to face the hassle of long lines or fight crowds to get the sneakers they wanted.¹¹⁸ And what had been a regional subculture expanded across international borders.¹¹⁹

81. Online resale marketplaces gave anyone access to the rarest models of sneakers, including those without direct access to a brand or authorized seller's retail locations. On those platforms, "with the right price, you can get any shoe you want."¹²⁰ Rare, limited-edition sneakers are more likely to make their way to resale markets since they are less likely to be

¹¹⁴ See, for example, "Sneakerheadz," 2022, 14:41 – 14:48; Finish Line, "History of Nike Air Force 1s," <https://blog.finishline.com/history-of-nike-air-force-1>.

¹¹⁵ See, for example, "Sneakerheadz," 2022, 14:49 – 15:17.

¹¹⁶ "Sneakerheadz," 2022, 18:05 – 18:13.

¹¹⁷ Release, "The History of Sneaker Reselling and the Current State of the Game," December 2, 2020, <https://releaserecovery.com/2020/12/02/the-history-of-sneaker-reselling-and-the-current-state-of-the-game>, ("A sneaker reseller is simply a person who purchases limited edition pairs of deadstock sneakers and sells them for a profit to another consumer. [...] In the early 2000's resellers began to use the internet to their advantage. Forums such as 'Nike Talk' as well as many others became a platform for resellers and consumers alike, to buy, sell, trade, and verify authenticity of their products.").

¹¹⁸ See, for example, "Sneakerheadz," 2022, 16:17 – 16:54 (Sneakerhead and entrepreneur Andre Ljustina recalled having to stepped back and losing a popular, rare pair of Jordan 11s while he was 16-17 years old when someone intimidating cut the line in front of him. This was also a critical time point that prompted him to start looking on the Internet, where he found online platforms like eBay. Via eBay, he bought "a couple extra pairs [of Jordan 11s], put them up on eBay, sold them for 20 bucks more", and got his pair for free.).

¹¹⁹ See, for example, "Sneakerheadz," 2022, 19:50 – 19:56.

¹²⁰ "Sneakerheadz," 2022, 18:01 – 18:06.

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available from brands or authorized sellers and can fetch high prices.¹²¹ Now, anyone with Internet access can find rare sneakers; you do not need an “in” with sneaker sellers or to be geographically near sneaker retail locations.¹²²

82. Through online forums and the Internet, many Sneakerheads also gained access to new information and many started researching new sneaker models in more depth. In the pre-Internet era, Sneakerheads typically did not have much background information about their sneakers – including details like the designer behind the sneaker model – as this information was not advertised. Now, Sneakerheads can easily go to brands’ websites to learn more about a sneaker’s details; they can also discuss sneaker details and get opinions from other Sneakerheads on online forums such as Reddit and NikeTalk. For example, NikeTalk has a forum dedicated to “Sneaker Reviews” in which people post questions and engage with other Sneakerheads regarding a shoe’s performance, fit, or even their opinions on its ranking relative to other models of sneakers.¹²³

VI. INDUSTRY FACTORS HAVE LED TO A LARGE NUMBER OF COUNTERFEITS IN THE RESALE SNEAKER MARKET

A. High demand and scarcity lead to counterfeits in resale markets for sneakers

83. Sneaker brands’ use of scarcity as a marketing technique has led to a disproportionate amount of demand for particular sneaker models relative to their supply, and as described in **Section V**, an active resale market. In this context, high prices and low supply have driven fraudsters to manufacture and sell counterfeit sneakers. As a sneaker Authentication

¹²¹ Made in Bed, “The Secondary Market: How Resales are Dominating the Sneaker Industry,” January 16, 2023, <https://www.madeinbed.co.uk/art-business-markets/the-secondary-market-how-resales-are-dominating-the-sneaker-market> (“Immediate sellout and high demand allow the primary market to increase its average selling price, which in turn increases the average selling price of a resold item on the secondary market.”).

¹²² Niche Pursuits, “How to Resell Shoes: Your Simple Guide to Big Profits With Sneaker Reselling,” February 20, 2023, <https://www.nichepursuits.com/reselling-shoes> (“Back in the day, people had to scour through thrift stores and flea markets. [...] Now you just need to hop onto Hyperbeast, Stock X, Highsnobiety, Sole Supremacy and many other sites to keep track of the sneaker fashion market. Many of these extensively cover the needs of sneakerheads at all levels.”).

¹²³ NikeTalk, “Sneaker Reviews,” <https://niketalk.com/forums/sneaker-reviews.7350> (“Sneaker Reviews: Detailed evaluations and opinions on footwear.”).

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Training Lead at eBay interviewed by The Economist puts it, “if a shoe has just released, you know that immediately the people that make fakes are going to be straight on it.”¹²⁴

84. Based on conversations I have had with other Sneakerheads and the discussions I have read on social media forums, counterfeits are perceived to be common. This aligns with estimates that report that the market for counterfeit sneakers is worth as much as \$450 billion, more than five times the market for the sales of all authentic sneakers.¹²⁵

85. The lack of availability of certain models of sneakers directly from brands or from their authorized resellers has also made the most sought-after sneakers so expensive that some consumers, in particular fashion followers, looking for a more affordable option, have started considering purchasing a counterfeit pair as long as it looks good. In other words, some consumers now choose the “steal” over the “real,”¹²⁶ and, in my experience, some of the Sneakerheads who used to hide the fact that their shoes were counterfeit now more openly acknowledge it, and sometimes even brag about it. Influencers who tend to be rather knowledgeable about sneakers are reported to have become “a significant force” in driving demand for counterfeits and knowingly purchase counterfeits themselves.¹²⁷ As discussed in more detail in **Section VI.C**, the increase in counterfeit sneaker quality has amplified this trend.¹²⁸

B. The transition to online sales has led to an increase in counterfeits

86. In recent years, the use of digital technology by some sneaker brands and some resellers has led to an increase in the incentives to produce counterfeit sneakers, and certain aspects of the transition to online resale markets have made it easier for counterfeiters to sell their fraudulent goods to customers, unsuspecting or not.

¹²⁴ “What is Driving the Proliferation of Counterfeit Sneakers,” 2022, 2:18-2:22.

¹²⁵ See, for example, Run Repeat, “Sneaker Industry Statistics,” October 20, 2021, <https://runrepeat.com/sneaker-industry-stats> (“The sneaker industry is worth \$78 billion. [...] The resale market is worth \$10 billion. [...] Estimates suggest the counterfeit sneaker market could be worth as much as \$450 billion -- more than 5 times the value of the legitimate market.”).

¹²⁶ “What is Driving the Proliferation of Counterfeit Sneakers,” 2022, 0:33-0:40.

¹²⁷ See, for example, “What is Driving the Proliferation of Counterfeit Sneakers,” 2022, 7:10 – 9:00.

¹²⁸ See, for example, “What is Driving the Proliferation of Counterfeit Sneakers,” 2022, 6:35 – 6:40.

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87. As brands move releases online, some resellers use “bots” to quickly purchase multiple pairs directly from brands or authorized resellers when a sneaker model “drops,” which reduces the supply available for consumers at the retail price.¹²⁹ As a result, more consumers look to purchase in the resale market, where prices are typically higher. The combination of disproportionate demand and high resale prices further increases the incentives to produce and sell counterfeit sneakers.

88. Certain aspects of the transition to online resale markets have also made it easier to pass off counterfeit sneakers as authentic. First, many resale marketplaces do not have intermediaries who can verify that the item is authentic or in the condition described in the listing. For example, eBay is a popular consumer-to-consumer platform that facilitates sneaker resale. Sellers usually create “listings” that include descriptions and photos that showcase the item’s condition and quality, as well as payment and shipping options for buyers.¹³⁰ Prior to the launch of eBay’s verification processes,¹³¹ transactions occurred directly between buyers and sellers without intermediaries, leaving room for skepticism over the quality, condition, or authenticity of the item.¹³²

89. Second, when sneakers are sold over the Internet in resale markets, it is often impossible for buyers to view the pair of sneakers they will be purchasing in the same way as they would when shopping in person. Further, the photographs of the sneakers provided by the

¹²⁹ See, for example, The Sole Supplier, “What is a Sneaker Bot and How do They Work?,” December 3, 2021, <https://thesolesupplier.co.uk/news/sneaker-bot> (“Sneaker bots have become incredibly common within the sneaker industry and unfortunately they make getting the latest shoes much harder. Because sneaker bots send through hundreds to even thousands of requests per release, it makes the likelihood of coping manually incredibly slim. The use of sneaker bots makes it harder for sneakerheads and people who want to wear the sneakers to actually get their hands on them. Instead, they are forced to turn to a secondary market and usually have to pay a premium.”).

¹³⁰ eBay, “How Buying Works on eBay,” <https://www.ebay.com/help/buying/buy-now/buying-works?id=4002>.

¹³¹ The Verge, “eBay Launches Sneaker Authentication Service to Combat Counterfeit Sales,” October 13, 2020, <https://www.theverge.com/2020/10/13/21514028/ebay-sneaker-con-authentication-100-guarantee-fake-counterfeit-limited-edition> (“eBay launches sneaker authentication service to combat counterfeit sales.”).

¹³² Prior to the authentication service, people had issues with the quality, condition, or authenticity of the sneakers they purchased. See, for example, eBay, “Bad Quality,” October 11, 2017, <https://community.ebay.com/t5/Ask-a-Mentor/Bad-Quality/qaq-p/27600658> (“I bought a nike airmax 2017 shoes two months ago [on eBay]. I used the shoes three times and the sole is peeling (both shoes). I went to the nike store and they told me my shoes are not original.”).

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seller may not be trustworthy,¹³³ making it easier for resellers to sell counterfeit sneakers through certain platforms where a buyer may need to rely on the photograph to evaluate the product that they are purchasing.

90. These factors have led to an increase in the prevalence of counterfeit sneakers sold through online resale markets. The earliest online marketplaces have been compared to “the Wild West,” where sneaker inventory was low, and product quality and authenticity were uncertain.¹³⁴ Counterfeiters reportedly attempt to sell sneakers via eBay on a daily basis,¹³⁵ “utilizing e-commerce to further blur the lines between legal and illegal retail markets.”¹³⁶

C. Sneakerheads commonly recognize that the gap in quality between counterfeit and Nike sneakers has decreased in recent years

91. Many Sneakerheads are aware of the range in quality of counterfeits and understand that some counterfeit sneakers are in fact not well made. However, over the past 25 years, the perceived quality of counterfeits has reportedly increased, while the perceived quality of Nike’s sneakers has reportedly decreased. Sneakerheads like myself acknowledge that these trends have contributed to a decrease in perceived differences between authentic and counterfeit sneakers.

92. Today, the best counterfeit sneakers have been reported to be virtually indistinguishable from authentic ones.¹³⁷ According to the eBay sneaker authenticator

¹³³ See, for example, Reddit, “Buyer Beware With eBay Authenticity Guarantee,” 2022, https://www.reddit.com/r/Sneakers/comments/uigurk/buyer_beware_with_ebay_authenticity_guarantee (“[T]he seller used photos of a deadstock pair. It’s not even the same pair listed/photoed. Bait and switch. The guy had zero feedback but I thought I was good because it goes through authenticity guarantee.”).

¹³⁴ See, for example, Yahoo, “‘Choose Wisely’: Inside Flight Club New York, a Sneakerhead’s Heaven,” January 20, 2019, <https://www.yahoo.com/now/flight-club-new-york-sneaker-numbers-stats-164829083.html> (“Before shops like Flight Club opened, the sneaker consignment game was like the Wild West. Sneakerheads had to venture out to eBay and other far recesses of the internet to secure a pair of coveted or rare shoes. As many people have found out the hard way, counterfeit goods are plentiful on the internet, and many a Sneakerhead has been scammed into spending big money on fake kicks.”).

¹³⁵ See, for example, “What is Driving the Proliferation of Counterfeit Sneakers,” 2022, 2:14 – 2:18.

¹³⁶ “What is Driving the Proliferation of Counterfeit Sneakers,” 2022, 4:54 - 5:01.

¹³⁷ See, for example, The Fashion Law, “Nowadays, Counterfeit Goods are ‘Almost Identical’ to the Real Thing,” May 24, 2018, www.thefashionlaw.com/counterfeit-goods-are-almost-identical-the-the-real-thing (“It is becoming increasingly difficult – even for experts – to distinguish between authentic goods and counterfeit ones.”); Nicholas Schmidle, “Inside the Knockoff-Tennis-Shoe Factory,” *The New York Times*, August 19, 2010, <https://www.nytimes.com/2010/08/22/magazine/22fake-t.html>.

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interviewed by *The Economist*, “recently we’ve been seeing a lot of counterfeits that [are] getting a lot of the good details of the shoe.”¹³⁸ Similarly, more than a decade ago, one counterfeiter interviewed as part of a 2010 investigative report by the *New York Times* said “[t]he only way to tell the difference between the real one and ours is by the smell of the glue.”¹³⁹ Influencers even promote these high-quality replicas, or “reps,” on social media platforms, highlighting the benefits of these lower cost alternatives.¹⁴⁰ Because the quality of some counterfeits is so high, it is well-known in the Sneakerhead community that even experts may have a difficult time distinguishing authentic sneakers from very well-made counterfeit ones, making it easier to sell counterfeits. Employees at *Hypebeast*, a leading online store of men’s contemporary fashion and streetwear, “could only correctly identify whether a pair of sneakers were legit or not in 64 percent of instances when they put their skills to the test on video.”¹⁴¹

93. Similarly, on social media such as Reddit, many users discuss how difficult it can be to distinguish “authentic” sneakers from counterfeit ones. For example, one user writes, “it is near enough impossible to tell a decent fake from the real ones” and another writes “[r]eps [i.e., replicas] have gotten to the point that they’re almost completely identical to authentic shoes.”¹⁴² Additionally, on NikeTalk, a whole forum is dedicated to “price/fake checks”¹⁴³ where users debate whether a pair of sneakers is authentic or whether certain imperfections are a result of flaws with Nike’s quality control.¹⁴⁴

¹³⁸ “What is Driving the Proliferation of Counterfeit Sneakers,” 2022, 6:46 - 6:50.

¹³⁹ Nicholas Schmidle, “Inside the Knockoff-Tennis-Shoe Factory,” *The New York Times*, August 19, 2010, <https://www.nytimes.com/2010/08/22/magazine/22fake-t.html>.

¹⁴⁰ See, for example, “What is Driving the Proliferation of Counterfeit Sneakers,” 2022, 7:21 - 8:01.

¹⁴¹ High Snobiety, “In 2023 There’s No Reason To Be Mad at Fake Kicks,” 2023, www.highsnobiety.com/p/buying-fake-sneakers.

¹⁴² Reddit, “Sneakerheads Try to Spot the Fake Jordans,” 2019, https://www.reddit.com/r/Repsneakers/comments/afy70k/sneakerheads_try_to_spot_the_fake_jordans_im; Reddit, “All my Jordans are Fake and I Don’t Care,” 2022, https://www.reddit.com/r/TrueOffMyChest/comments/z54oft/all_my_jordans_are_fake_and_i_dont_care.

¹⁴³ NikeTalk, “Price/Fake Checks,” <https://niketalk.com/forums/price-fake-checks.7407>.

¹⁴⁴ See, for example, NikeTalk, “Air Jordan 3 Black Cement Legit Check,” March 14, 2018, <https://niketalk.com/threads/air-jordan-3-black-cement-legit-check.670542> (“I do agree that the leather on your pair is more smooth than the tumbled/pebbled look we have seen on most pairs. But I have also seen several pairs on the BC3 thread that have had inconsistencies from the left to right shoe. The hyper royal 13 has the same issues. To me its Quality check issues overall. My opinion is your pair is real.”).

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94. Additionally, the perceived quality of Nike's sneakers has reportedly decreased in the past two decades, despite regular price increases.¹⁴⁵ For instance, certain Nike sneakers, such as the Air Jordan 1 Mid and the Air Force 1, are now made at least in part using synthetic leather, instead of fully genuine leather.¹⁴⁶ Anecdotal evidence from Sneakerhead forums highlight issues with the soles of Nike sneakers separating from the uppers over time or even with minimal use.¹⁴⁷ As a result, these Sneakerhead forums, as well as popular media generally, have recently reported incidents of Nike sneakers falling apart unexpectedly.¹⁴⁸ The most high-profile of these incidents happened to Zion Williamson, the Duke basketball player who would later go on to be the first pick in the NBA draft. His sneaker "blew apart" during the "biggest game of his college career" against North Carolina in 2019, and caused him a Grade 1 knee sprain.¹⁴⁹ This incident

¹⁴⁵ See, for example, The Campanile, "The Decline of Nike in Sneaker Culture," April 25, 2014, <https://thecampanile.org/2014/04/25/the-decline-of-nike-in-sneaker-culture> ("In the past decade, Nike has been forced to compensate for an influx in consumers in the sneaker community, specifically in the Jordan line, resulting in less exclusive releases and also poorer quality in the construction and material of shoes. [...] As well as skimping on the quality of their shoes, Nike is also increasing the prices."); Kicks 1-2, "Nike's Ongoing Struggle With Quality Control Issues," February 14, 2016, <https://kicksonetwo.rossdwyer.com/2016/02/14/nikes-ongoing-struggle-with-quality-control-issues> ("[Y]esterday's release of the OG 'White Cement' Jordan IV's ran into some troubles. Several pairs were shipped either scratched or with black or blue glue stains[.]").

¹⁴⁶ See, for example, The Campanile, "The Decline of Nike in Sneaker Culture," April 25, 2014, <https://thecampanile.org/2014/04/25/the-decline-of-nike-in-sneaker-culture> ("In the past decade, Nike has been forced to compensate for an influx in consumers in the sneaker community, specifically in the Jordan line, resulting in less exclusive releases and also poorer quality in the construction and material of shoes. [...] Since its debut in 1982, the Air Force 1 shoe has gone from having genuine leather to synthetic. As well as skimping on the quality of their shoes, Nike is also increasing the prices."), ("Since its debut in 1982, the Air Force 1 shoe has gone from having genuine leather to synthetic."); Nike, "Air Jordan 1 Mid," <https://www.nike.com/t/air-jordan-1-mid-mens-shoes-b3js2D/DQ8426-400> ("Benefits: Leather, synthetic leather and textile upper for a supportive feel.").

¹⁴⁷ See, for example, Reddit, "Wow. Used for an Entire Day and Already Separating," https://www.reddit.com/r/Sneakers/comments/woldik/wow_used_for_an_entire_day_and_already_separating ("wow. Used for an entire day and already separating [...] it's getting ridiculous with nike QC to the point that fake pairs of panda dunks are actually better quality than retail pairs"); Reddit, "Nike Zoomx Invincible - Upper Separation," https://www.reddit.com/r/RunningShoeGeeks/comments/u6e55t/nike_zoomx_invincible_upper_separation ("Nike Zoomx Invincible – upper separation [...] [T]his pair clocked less than 80km.").

¹⁴⁸ See, for example, Reddit, "My Shoes Don't Last More Than a Few Months, I Don't Know What to Do," 2022, https://www.reddit.com/r/mildlyinfuriating/comments/wxika2/my_shoes_dont_last_more_than_a_few_months_i_dont ("Nike Air Max 90: the sole started falling apart (after only 2 months).") Another user comments, "Have had a similar experience with Nike shoes. Bought Nike Air Max in oct 2021, and by jan 2022 my toe created a hole in the mesh on both shoes. Talk about garbage quality.").

¹⁴⁹ See, for example, Jace Evans, "Zion Williamson Blows Apart Sneaker, Heads to Locker Room with Game-Ending Knee Injury," *USA Today*, February 20, 2019, www.usatoday.com/story/sports/ncaab/acc/2019/02/20/zion-williamson-shoe-blows-apart-apparent-

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was covered by various popular news media sources like USA Today, Forbes, Washington Post, and ESPN, and was discussed extensively on social media.¹⁵⁰

95. According to popular media, the decrease in perceived quality of authentic Nike sneakers has made it more difficult to distinguish counterfeit sneakers from authentic ones.¹⁵¹ One article states that Nike's authentic products have even had issues with "mismatched logos, missing (or bolded) patterns, misshapen heels and more," which are all traits that might otherwise have been used to identify a counterfeit shoe.¹⁵² Indeed, these are some of the characteristics that experts have observed when comparing counterfeit shoes to authentic ones.¹⁵³

injury/2934508002/ ("Duke freshman Zion Williamson's Nike sneaker blew apart when he planted his foot in the early going in the No. 1 Blue Devils' game against the rival North Carolina Tar Heels."); Scott Gleeson, "Duke Star Zion Williamson Considered 'Day-to-Day' With a Knee Sprain," *USA Today*, February 21, 2019, <https://www.usatoday.com/story/sports/ncaab/acc/2019/02/21/zion-williamson-duke-day-to-day-knee-sprain-injury/2936664002> ("Duke star freshman Zion Williamson is listed as 'day-to-day' while he recovers from a Grade 1 knee sprain, the school announced on Thursday. Less than a minute into the Blue Devils' 88-72 loss to North Carolina on Wednesday, Williamson suffered the right knee sprain on a bizarre play that saw the 6-7 forward's shoe blow apart when he planted his foot.").

¹⁵⁰ See, for example, Jace Evans, "Zion Williamson Blows Apart Sneaker, Heads to Locker Room with Game-Ending Knee Injury," *USA Today*, February 20, 2019, <https://www.usatoday.com/story/sports/ncaab/acc/2019/02/20/zion-williamson-shoe-blows-apart-apparent-injury/2934508002/> ("Duke freshman Zion Williamson's Nike sneaker blew apart when he planted his foot in the early going in the No. 1 Blue Devils' game against the rival North Carolina Tar Heels."); SBNation, "NBA Players React to Zion Williamson's Crushing Knee Injury," February 20, 2019, <https://www.sbnation.com/2019/2/20/18234186/zion-williamson-knee-injury-reactions-duke> ("Now, NBA players and high-profile fans of the game are tweeting their support of the freshman phenom whose injury may have put his long-term basketball career in jeopardy."); ESPN, "Zion's Shoe Blowout and Injury 'Couldn't be Worse' for Nike - Max Kellerman," 2019, https://www.youtube.com/watch?v=LqJUGQAYDMo&ab_channel=ESPN; Des Bieler, "Nike Takes a Beating After Zion Williamson's Shoe Explodes," *The Washington Post*, February 20, 2019, <https://www.washingtonpost.com/sports/2019/02/21/nike-takes-beating-after-zion-williamsons-shoe-explodes/>; David Ching, "For Nike Brand, Zion Williamson's Shoe Blowout is the Exact Opposite of Tiger's Legendary Chip-in," *Forbes*, February 21, 2019, <https://www.forbes.com/sites/davidching/2019/02/21/for-nike-brand-zion-williamsons-shoe-blowout-is-the-exact-opposite-of-tigers-legendary-chip-in>.

¹⁵¹ See, for example, Nicholas Schmidle, "Inside the Knockoff-Tennis-Shoe Factory," *The New York Times*, August 19, 2010, <https://www.nytimes.com/2010/08/22/magazine/22fake-t.html>; The Lance, "Does Nike Value Quantity Over Quality?," November 23, 2021, <https://lance.mcquaid.org/12833/opinion/does-nike-value-quantity-over-quality>.

¹⁵² Gear Patrol, "Why Nike's Quality Control is Suddenly Under Scrutiny," March 20, 2023, www.gearpatrol.com/style/shoes-boots/a43364644/nike-quality-control-stockx-fakes ("Has Nike's quality control gotten worse? There's certainly a big uptick of anecdotal reports pointing out botched products. A bevy of recent Tweets call out mismatched logos, missing (or bolded) patterns, misshapen heels and more.").

¹⁵³ See, for example, Nicholas Schmidle, "Inside the Knockoff-Tennis-Shoe Factory," *The New York Times*, August 19, 2010, <https://www.nytimes.com/2010/08/22/magazine/22fake-t.html> (Various examples of characteristics that differentiate the counterfeit sneakers from the authentic ones are the "signature Nike logo...[being] more like a checkmark than a swoosh," and "the model number [being] rendered more crudely,"

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VII. SNEAKERHEADS ARE OFTEN SOPHISTICATED CONSUMERS WHO UNDERSTAND THE RISK THAT THEY WILL GET COUNTERFEITS

A. Sneakerheads are typically sophisticated consumers

96. Sneakerheads tend to be sophisticated consumers. As discussed in **Section III.A**, Sneakerheads usually are deeply passionate about sneakers and carefully consider each sneaker purchase. They often look for specific sneaker models that complement their existing collection, and that are trendy. Complementing a sneaker collection can look different based on a Sneakerhead's preferences, but generally collections rely on a theme – one centered around a brand, specific colorways, styles, or a combination of multiple aspects. Many Sneakerheads also understand the landscape of the sneaker market, and purchase sneakers that have value as investments.

97. Sneakerheads are known to spend time and effort identifying and obtaining the sneakers they value most. For some, the hunt is part of the fun. For example, Sneakerheads typically stay alert to the timing of releases, locate stores or online marketplaces to make their purchases, and conduct due diligence around their prospective purchases (which Sneakerheads term “legit checks”), by taking steps such as carefully reviewing photographs of the sneakers they are about to purchase or asking their Sneakerhead communities about prior experiences with the seller. Ben Baller, a celebrity jeweler, explained, “A real Sneakerhead knows everything about sneakers, about that shoe; why it’s cool; why it looks good.”¹⁵⁴ Yu Ming Wu, founder of Sneaker Con, a traveling convention for Sneakerheads to buy, sell, and trade sneakers (which I have attended multiple times in New York City as noted in **Section II**), notes that he spent close to 10 years seeking a particular pair of sneakers (the Nike Air Max 1s in the Amsterdam “colorway,” or color), which he eventually purchased for \$1,500.¹⁵⁵

which makes it look bolded.); Outsole, “How to Spot a Fake, Counterfeit or Replica Nike Air Max 1 Sneaker?,” October 18, 2020, <https://www.outsole.nl/blog/how-do-i-recognize-a-fake-counterfeit-or-replica-nike-air-max-1-sneaker> (“The shape of the heel often deviates on fake pairs.”).

¹⁵⁴ “Sneakerheadz,” 2022, 30:31 - 30:37.

¹⁵⁵ Joanna Nikas, “Tips From Sneakers Heads on Scoring the Hottest Shoes and Keeping Them Fresh,” *The New York Times*, January 2, 2018, <https://www.nytimes.com/2018/01/02/style/sneakercon-shoe-care-tips-shopping.html>.

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98. As a result of the time and effort they put into their collections, Sneakerheads also typically have a keen eye for detail and quality. They are typically discerning about the materials, design, and craftsmanship of each pair of sneakers they purchase. Antonio Linares, a Sneakerhead who specializes in authentication, explains that he looks at craftsmanship, detail, material used, and fonts when authenticating sneakers. He adds that “a common difference amongst real from fakes is usually on inside size tags of sneakers, as well as on the box labels. The font style is 99.9 percent different, always.”¹⁵⁶

99. Sneakerheads may spend a great deal of money on the sneakers they purchase. Some are willing to pay a premium price for exclusive and limited-edition sneakers, particularly sneaker models with less than 1,000 pairs in existence, or those which are released at a particular store or in a particular country with which they have a connection. For example, Preston Truman, former NBA ball boy (see **Section IV.B**), sold a pair of Michael Jordan’s Air Jordans for over \$200,000; they later resold for \$2.2 million.¹⁵⁷ Additionally, Benjamin Kapelushnik, a sneaker reseller to athletes and celebrities, paid \$14,000 for a pair of sample Air Jordans.¹⁵⁸ Samples are test products of brands, and as such, only a few pairs of the style and colorway may be released to the market. As a result, they are highly sought after in the Sneakerhead community due to their rarity.

B. Sneakerheads generally understand that there is always a risk they will get counterfeits

100. Sneakerheads are generally aware that counterfeit sneakers are common. The risk of counterfeit sneakers has been reported on extensively, including in government reports and various popular news media. For instance, the Economist highlighted that footwear is the largest

¹⁵⁶ Joanna Nikas, “Tips From Sneakers Heads on Scoring the Hottest Shoes and Keeping Them Fresh,” *The New York Times*, January 2, 2018, <https://www.nytimes.com/2018/01/02/style/sneakercon-shoe-care-tips-shopping.html>.

¹⁵⁷ Yahoo, “Michael Jordan Once Gifted His Shoes to a Ball Boy. Then, Things Got Really Messy,” April 26, 2023, <https://www.yahoo.com/lifestyle/michael-jordan-once-gifted-shoes-193200896.html> (“In the case of the signed Air Jordan XIII Breds, which can be seen above, Truman sold the shoes for merely \$215,000. While that may not seem like a sum to be laughed at on the surface, those same exact shoes were resold at auction at Sotheby’s for a record \$2.2 million, the most ever paid for a pair of shoes.”).

¹⁵⁸ Joanna Nikas, “Tips From Sneakers Heads on Scoring the Hottest Shoes and Keeping Them Fresh,” *The New York Times*, January 2, 2018, <https://www.nytimes.com/2018/01/02/style/sneakercon-shoe-care-tips-shopping.html>.

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category of counterfeit goods seized, making up over 20% of the counterfeit market.¹⁵⁹ Widely-followed news outlets like ABC have highlighted large seizures of counterfeit sneakers by US Customs and Border Protection.¹⁶⁰ The New York Times published an investigative report on counterfeit sneakers as long ago as 2010.¹⁶¹

101. The issue of counterfeits is also commonly discussed in the Sneakerhead communities of which I am a part. For example, on the r/sneaker subreddit, user ‘Zorathus’ started a broad discussion on the high potential for shoes in the resale market to be counterfeit and how to avoid purchasing counterfeit sneakers.¹⁶² One response from user ‘DianaPrince0609’ acknowledges that the only way to ensure authenticity is to purchase directly from brands or their authorized resellers.¹⁶³ As another example, one of the three pinned threads on the NikeTalk forum is named “The Official Real vs Fake Comparison Thread.” Sneakerheads like user ‘JumpmanATL7’ pointed out that “Not many years ago [accidentally purchasing a counterfeit sneaker] wasn’t nearly as much of an issue because fakes were easy to spot.” But as the perceived quality of counterfeit sneakers has increased and as they have become harder to differentiate from authentic ones, he started the thread to help “[prevent] people from paying

¹⁵⁹ “What is Driving the Proliferation of Counterfeit Sneakers,” 2022.

¹⁶⁰ See, for example, ABC News, “Coveted Retro Air Jordans Among 14,800 Counterfeit Nike Sneakers Seized in California Bust,” October 9, 2019, <https://abcnews.go.com/Business/coveted-retro-air-jordans-14800-counterfeit-nike-sneakers/story?id=66164001>.

¹⁶¹ Nicholas Schmidle, “Inside the Knockoff-Tennis-Shoe Factory,” *The New York Times*, August 19, 2010, <https://www.nytimes.com/2010/08/22/magazine/22fake-t.html>.

¹⁶² Reddit, “Daughter Obsessed With Her Shoes Not Being Fakes,” www.reddit.com/r/Sneakers/comments/zbpnag/daughter_obsessed_with_her_shoes_not_being_fakes/ (“Every single distributor looks shady AF [...] How can I know which sources are reputable and also convince her that she won’t get fakes? Personally i think they are all fake it’s just a matter of how faithful they are to the originals but what do I know.”).

¹⁶³ Reddit, “Daughter Obsessed With Her Shoes Not Being Fakes,” www.reddit.com/r/Sneakers/comments/zbpnag/daughter_obsessed_with_her_shoes_not_being_fakes/ (“They ONLY way to ensure you don’t have a fake is buying from authorized dealers. Goat, Stock X, kicks crew are not authorized dealers of Nike or other brands. They rely on people from the public to send their shoes in which means the possibility of a fake. Nike’s not gonna send you a fake.”).

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resale prices for fakes.”¹⁶⁴ Some Sneakerheads also share articles on these forums that discuss the issue of counterfeits.¹⁶⁵

102. Sneakerheads generally understand that there is always a risk of purchasing counterfeits, and they take steps to avoid it. For instance, Sneakerheads who are buying shoes may rely on a “legit checks” and post pictures of sneakers that they are considering purchasing for confirmation from other Sneakerheads that they are authentic.¹⁶⁶

103. The security measures taken by online platforms have convinced many Sneakerheads, particularly younger ones, to more willingly purchase their sneakers through those platforms. In my experience, older Sneakerheads with whom I have interacted tend to be skeptical of the accuracy of any authenticity guarantees such as the one StockX offers (which I describe in more detail in **Section VIII**), and continue to purchase their sneakers from stores or websites from which they have been purchasing for years, while younger Sneakerheads with whom I have interacted, who also understand that authenticity guarantees cannot be 100% effective, are often willing to take a risk.

VIII. STOCKX’S INNOVATION HAS IMPROVED THE SNEAKER RESALE AND TRADING EXPERIENCE

A. StockX has improved the resale experience through verification

104. As discussed in **Section VI.B**, Sneakerheads faced high risks of buying counterfeit sneakers on early online resale platforms like eBay. As a result, many Sneakerheads turned to newer and more trustworthy online platforms that emerged to fill the need from consumers. Those include StockX and GOAT, which started offering customers an extra layer of

¹⁶⁴ NikeTalk, “The Official Real vs Fake Comparison Thread,” July 23, 2020, <https://niketalk.com/threads/the-official-real-vs-fake-comparison-thread.690734>.

¹⁶⁵ See, for example, Quora, “How do I Identify Fake and Original [a]didas?,” <https://www.quora.com/How-do-I-identify-fake-and-original-Adidas>; LetsRun.com, “Is it Safe to Buy Shoes on Amazon?,” https://www.letsrun.com/forum/flat_read.php?thread=9017902; Sneaker Talk, “Fake Jordans Back in 1985!!!!,” August 1, 2011, <https://sneakertalk.com/fake-jordans-back-in-1985-t309329.html>; NikeTalk, “The Official Real vs Fake Comparison Thread,” July 23, 2020, <https://niketalk.com/threads/the-official-real-vs-fake-comparison-thread.690734>.

¹⁶⁶ See, for example, NikeTalk, “Price/Fake Checks,” <https://niketalk.com/forums/price-fake-checks.7407>.

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inspection through verification services that decrease the possibility of buying a counterfeit pair of sneakers.

105. Many platforms, including StockX, are now taking various measures to verify the authenticity of sneakers sold through their platforms to make resale transactions safer and more secure. eBay, for example, now employs a team of experts who screen potentially counterfeit sneakers.¹⁶⁷ GOAT has been reported in popular press to use machine learning and artificial intelligence to identify potential counterfeits before they are even listed on the platform;¹⁶⁸ StockX also uses machine learning as part of its verification process.¹⁶⁹ Consumers can also use mobile apps to help them identify potential issues with their sneakers with varying degrees of reliability by examining uploaded photos.¹⁷⁰

106. Rather than have sellers ship their sneakers directly to buyers, as used to be the case with sites such as eBay, resale platforms like StockX operate a ship-to-verify model. When a buyer successfully bids on a pair of sneakers, the seller ships the sneakers to one of StockX's physical verification centers, where StockX's trained experts work to verify the sneakers (including examination of shoes for quality-control purposes, to spot issues such as manufacturing defects or signs the shoes are not genuine, and to ensure that sneakers are deadstock and match their descriptions of features such as size and color) before shipping them on to the buyer.¹⁷¹

¹⁶⁷ eBay, "Authenticity Guarantee," <https://pages.ebay.com/authenticity-guarantee-sneakers-seller> ("A team of independent authenticators meticulously inspects your item before sending it to the buyer, so you're protected.").

¹⁶⁸ See, for example, Afro Tech, "Are Your Jordans Real? Here's How GOAT, StockX And More Use Tech to Authenticate Your Sneakers," September 6, 2021, <https://afrotech.com/counterfeit-sneaker-market-goat-stockx-authentication> ("As the first line of defense, our AI and machine learning can detect counterfeit products before they are even able to be listed on our platform.").

¹⁶⁹ StockX, "Every Item is StockX Verified," <https://stockx.com/about/verification> ("We leverage machine learning to assess product risk and ever-evolving embedded technologies within the products to enhance our verification efforts.").

¹⁷⁰ See, for example, CheckCheck, "Get CheckCheck," <https://getcheckcheck.com/en> ("01: Upload Photos -> Submit. 02: Submitted photos captured through our specialized AI Cross-Referencing Database. 03: Two legit checkers present your final result via Co-Authentication.").

¹⁷¹ StockX, "Selling," <https://stockx.com/about/selling> ("Ship Us Your Sold Items: We require that you send us the sold item within two business days. Simply print the label we send and follow our shipping guidelines to ensure your products arrive safely at our authentication center. Get Paid: We release your payouts as soon as we confirm your sold items are new and StockX Verified."); StockX, "Every Item is StockX Verified," <https://stockx.com/about/verification>.

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107. As discussed in **Section VII**, Sneakerheads generally understand that it is impossible to detect every pair of counterfeit sneakers even using sophisticated verification processes. Some counterfeit sneakers can be virtually indistinguishable from authentic ones and the StockX label itself can be counterfeited.¹⁷² Despite those challenges, StockX's verification process weeds out thousands of counterfeits each year, and the accompanying "StockX Verified" label allows buyers to feel confident that steps have been taken to verify the quality of the sneakers they purchase.¹⁷³ This is true for Sneakerheads as well as non-Sneakerheads. Daniella Jaward, a blogger on Marketing-ish, states that she felt "safer purchasing sneakers from StockX than eBay" because of StockX's "extensive authentication process to ensure that the products are real and in new condition."¹⁷⁴ She later added "Since I'm nowhere near deeming myself a Sneakerhead, I wouldn't trust that I'd be able to tell whether a pair of shoes from eBay was real or not."¹⁷⁵ Beyond StockX's verification process, Sneakerheads can also rely on the StockX Buyer Promise – through which purchasers on the StockX marketplace can submit a support request and request a second look at purchased products a buyer believes to be inauthentic, and get a refund if StockX makes a mistake in the verification process.¹⁷⁶

B. Other valuable services provided by StockX

108. In addition to helping Sneakerheads feel more confident about the quality of their purchase, StockX provides other valuable services to its customers, including making it easy for sellers to list sneakers and buyers to bid for or buy them, and providing a payment processing

¹⁷² See, for example, Dype, "How to Spot FAKE StockX Tags, Cards, Receipts in 2023," January 1, 2023, <https://www.dypeapp.com/guide/how-to-spot-fake-stockx-accessories> ("StockX is also constantly evolving their tags and /or accessories to tackle the replication of them as well.").

¹⁷³ StockX, "Every Item is StockX Verified," <https://stockx.com/about/verification> ("Shop on StockX with confidence knowing every purchase is StockX Verified [...] StockX has always been committed to fighting counterfeits and fraud on our platform. We remain one of the few marketplaces committed to physically reviewing 100% of the items that pass through our platform. Our efforts have led to rejecting over 1.4 million items valued over \$400 million.").

¹⁷⁴ Marketing-ish, "StockX: The Rise of a Sneaker Empire," <https://www.themarketingish.com/archive/stockx>.

¹⁷⁵ Marketing-ish, "StockX: The Rise of a Sneaker Empire," <https://www.themarketingish.com/archive/stockx>.

¹⁷⁶ StockX, "What is the StockX Buyer Promise?," April 17, 2023, <https://stockx.com/help/articles/What-is-the-StockX-Buyer-Promise> ("Our goal, as it always has been, is for customers to access the most sought after products without the fear of receiving incorrect or inauthentic goods. The StockX Buyer Promise solidifies this mission by providing support for Buyers should we make a mistake (e.g. we ship you the wrong order, we incorrectly verify an item).").

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system once a buyer and a seller decide to transact.¹⁷⁷ For example, sellers do not have to post photos of the sneakers, write product descriptions, or negotiate with prospective buyers.¹⁷⁸ Buyers can see the current price of a given shoe model on a unique page and do not need to browse multiple listings from various sellers.¹⁷⁹

109. I have sold sneakers through StockX in the past and have found the process to be straightforward and convenient. For example, there was clear communication between me and the StockX platform to understand the steps that I had to take to make the sale. The process of sending my sneakers in for verification was smooth - I was automatically sent a shipping label that I just had to attach to the package before dropping it off. I was paid quickly.

110. StockX is also valuable for many Sneakerheads because it provides detailed and otherwise difficult to obtain information like the sale history and average sale price for every model of sneaker. This data is not only useful for consumers looking for a good deal, but also helps set prices in the resale market, since resellers often reference StockX to determine a fair price for their items.¹⁸⁰ In this regard, StockX has been described to be for the sneaker market what the Kelley Blue Book is for the car market.¹⁸¹

¹⁷⁷ StockX, “Selling,” <https://stockx.com/about/selling> (“Just search for your product and set your price. You won’t need to take product pictures, share personal information, or negotiate with potential Buyers.”); StockX, “Buying,” <https://stockx.com/about/buying> } (“Buy Now at the lowest Ask, or place a lower Bid at the price you want to pay. We will send you immediate updates as prices move on your Bids. Bids can be renewed or let go when they’re about to expire, and you’ll be notified ahead of time.”).

¹⁷⁸ StockX, “The Current Culture Marketplace,” <https://stockx.com/about/how-it-works> (“[N]o taking photos, no writing catchy descriptions, and no dealing with rogue buyers or sellers. We handle everything to make sure you can buy and sell with confidence.”).

¹⁷⁹ StockX, “Buying,” <https://stockx.com/about/buying>.

¹⁸⁰ See, for example, Jacob Gallagher, “This Website is the Stock Market for Nikes and Rolexes,” *The Wall Street Journal*, November 26, 2018, www.wsj.com/articles/this-website-is-the-stock-market-for-nikes-and-rolaxes-1543251772 (A sneaker seller interviewed for the article claimed, “everyone looks at StockX and takes it as the market price”); Jessica Testa, “Sneaker Sellers Wrestle With Price Spikes After Virgil Abloh’s Death,” *The New York Times*, December 16, 2021, <https://www.nytimes.com/2021/12/16/style/sneakers-price-spikes-virgil-abloh.html> (The owner of a resale sneaker store in Seattle asserted that “when people come in now to sell shoes, we look at StockX as the price reference, and we’ve upped our offers to reflect the market.”).

¹⁸¹ See, for example, Polina Noskova, “This Sneakerhead Made a Stock Exchange for Shoes,” *Bloomberg*, August 18, 2016, <https://www.bloomberg.com/news/articles/2016-08-18/this-sneakerhead-made-a-stock-exchange-for-shoes> (“[Josh Luber, the founder of StockX,] collected EBay’s pricing data and built the kind of guide for sneakers that Kelley Blue Book compiles for automobiles.”).

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C. Vault NFTs are a new method of trading for Sneakerheads, which offers many benefits relative to traditional trading

111. While I have never purchased a Vault NFT, I believe StockX's Vault NFT model is a useful tool for many Sneakerheads looking to store their sneakers or invest in and flip sneakers for a profit. StockX created Vault NFTs as an innovative way to provide users of its platform with a "new, faster, cheaper and more efficient trading experience."¹⁸² Each Vault NFT is linked to a specific pair of sneakers, which is stored in StockX's secure vault and depicted on the image associated with the NFT.¹⁸³ This is an entirely new form of trading for the Sneakerhead community, but it is one that aligns with how and why certain Sneakerheads buy sneakers. Many Sneakerheads never wear their sneakers and store them in storage units as described in **Section IV**, or buy them to flip them.

112. Vault NFTs address a number of challenges associated with collecting and trading physical sneakers. First, it is expensive and time-consuming to trade physical sneakers. Every pair of sneakers a person sells needs to be verified and shipped, and those costs add up if a Sneakerhead trades a large number of sneakers. Plus, shipping and verification take time, so these costs can be especially frustrating for some Sneakerheads who are looking to flip sneakers for a profit, especially given that market prices can evolve quickly. Vault NFTs allow Sneakerheads to buy and resell products immediately without having to physically hold them at any point and avoids the slower and more expensive process of shipping and verifying the sneakers.¹⁸⁴ As a result, Vault NFTs can help Sneakerheads flip sneakers faster and more efficiently.

113. Second, it can be challenging for Sneakerheads to keep track of the sneakers in their collections. DJ Skee, a DJ and TV host, says that he has "no idea how many shoes [he] even

¹⁸² StockX, "NFTs," <https://stockx.com/lp/nfts>.

¹⁸³ StockX, "NFTs," <https://stockx.com/lp/nfts> ("Introducing Vault NFTs on StockX, new digital tokens providing unprecedented access and utility for our customers. Each Vault NFT is tied to a physical product (as depicted on the NFT), which is stored in our brand new, climate-controlled, high-security vault.").

¹⁸⁴ StockX, "NFTs," <https://stockx.com/lp/nfts>; StockX, "NFTs," <https://stockx.com/lp/nfts> ("Because each Vault NFT is tied to a physical product already stored in the StockX vault, you no longer have to wait several days before you can resell, and you do not have to pay fees associated with multiple legs of shipping and authentication.").

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[has] anymore,” and that he lost count at “well over a thousand.”¹⁸⁵ NBA star Carmelo Anthony stated in an interview with Good Morning America that he also “stopped counting [how many sneakers he owned] after a thousand.”¹⁸⁶ Similarly, I do not know exactly how many sneakers I own, but the number is greater than 700 pairs. Often, in the end, “all of what [a Sneakerhead has] acquired is going to end up in a storage space somewhere.”¹⁸⁷ Many Sneakerheads use methods like taking photos of the sneakers and putting the photos on the outside of the box. This helps them quickly identify which sneakers are in which box and can save time when searching for a specific pair. They often keep a detailed inventory of their collection in a Google Doc, including information about each sneaker like the brand, model, colorway, and the release date, to keep track of their collection. Samantha Ronson, a DJ and sneaker designer, states that she has “so many in storage now,” that she has a binder with pictures of each shoe and which storage box they are in.¹⁸⁸ Vault NFTs provide an automatic inventory of a sneaker collection.

114. Third, Sneakerheads may also be attracted to using Vault NFTs because it reduces the cost and inconvenience of putting shoes in storage.¹⁸⁹ How to store sneakers is one of the key topics of discussion among Sneakerheads.¹⁹⁰ One Sneakerhead from California, who goes by the Twitter handle ‘Kingpoetic01,’ points out that storage “can get a bit expensive when you have a lot of shoes.”¹⁹¹ Some Sneakerheads have also had security issues; they have been the victims of burglaries and their collections have been stolen. For instance, aforementioned rapper “The Game” had his Nike Air Mag stolen, leading him to build high security room and a bulletproof

¹⁸⁵ “Sneakerheadz,” 2022, 26:30 – 26:37.

¹⁸⁶ “Sneakerheadz,” 2022, 26:45 – 26:54.

¹⁸⁷ “Sneakerheadz,” 2022, 28:20 – 28:30.

¹⁸⁸ “Sneakerheadz,” 2022, 28:15 – 28:25.

¹⁸⁹ See, for example, Complex, “How To Store Your Sneaker Collection,” August 27, 2013, <https://www.complex.com/sneakers/2013/08/sneaker-collection-storage-tips> (“Whether you have five pairs of sneakers in your collection or 5,000, storing your sneakers is one of the biggest challenges for any serious sneaker collector.”).

¹⁹⁰ See, for example, Sole Collector, “Ask the SC Forum: The Best Way to Store Sneakers,” May 30, 2015, <https://solecollector.com/news/2015/05/how-to-store-sneakers> (“One of the biggest topics of discussion for sneakerheads is how to store sneakers.”).

¹⁹¹ Complex, “How To Store Your Sneaker Collection,” August 27, 2013, <https://www.complex.com/sneakers/2013/08/sneaker-collection-storage-tips> (“If I had a choice, I would keep all of them in plastic boxes but that can get a bit expensive when you have a lot of shoes. To me that’s another addition to the sneaker expense!”).

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glass case to store the replacement pair.¹⁹² Vault NFTs may allow certain Sneakerheads to collect and trade sneakers while minimizing these security risks.

A handwritten signature in black ink, appearing to read "DeJongh 'Dee' Wells". The signature is written in a cursive, stylized font. The first part of the signature is crossed out with a diagonal line.

DeJongh "Dee" Wells
May 5, 2023

¹⁹² Sole Collector, "The Game Stores His Nike Air Mags Behind Bulletproof Glass," May 13, 2019, <https://solecollector.com/news/2019/05/the-game-complex-closets> ("[T]he insane security measures he took to protect his Nike Air Mags [...] 'Not only did I get a new pair of Mags, this room was built specifically so that never happens again. We got reinforced steel outside the doors. This [Air Mag display case] is made out of two-inch bulletproof glass.'").

Appendix A Curriculum Vitae

DeJongh “Dee” Wells

An Obsessed Storyteller- Sales, Marketing, Brand Development, and Social Media

EXPERIENCE

OSD, Worcester, MA- Creative Director/ Content Strategist

July 2007 Present

- Passionate about project management, executing creative projects and programs to schedule, scope, budget, and specification.
- The first point of contact for the Brand Creative Team and build that relationship cross-functionally. Guiding best practices, appropriate timeline expectations, and goal setting.
- Responsible for managing and maintaining multiple, simultaneous projects of various sizes, many of which can be complex in nature.
- Implement proven and innovative project management solutions to plan and manage projects.
- Determine project milestones and build schedules to meet deadlines.
- Manage and track the planning, design, approval, and production processes.
- Lead communication of timelines, status updates, and potential risks to the project team.
- Ability to assess, resource, and budget projects following a creative briefing.
- Communicate expectations internally regarding schedules, resourcing, and budgets.
- Exercise critical thinking in navigating cross-functional processes and risk resolution.
- Ensure that projects launch on time, delivering to expectation.
- Initiate and drive post-campaign assessments.
- Work with athletic companies such as adidas, Jordan Brand, New Balance, Nike, Puma, and Reebok.

SKILLS

Implementing a content strategy.

Delivering high quality content from concept to production (storytelling).

Working with a range of digital formats.

Thinking about user experience and usability, accessibility, writing for the web, and meeting user needs with content.

Relationship building and stakeholder management, both internally and externally.

People management- support, recruit, supervise, train and mentor team members.

Maximize efforts on strategic vision, budget tracking and resource allocation.

Proficient in Adobe Lightroom, Adobe Premiere, and Final Cut Pro X.

Conversational in Spanish.

AWARDS

Awarded the key to the City of Worcester, MA for outstanding work with youth and representing sneaker culture. (February 2021)

- Create marketing campaigns for products that speak directly to the target audience on Twitter, Instagram, TikTok, Facebook, LinkedIn, and Clubhouse to drive sales.

**Pensole Lewis College of Business & Design, Detroit, MI -
Director of Content**

May 2022 - October 2022

- Conceived and implemented concepts, guidelines and strategies in various creative projects and oversaw them to completion.
- Collaborated with account executives to obtain knowledge of the clients' requirements.
- Directed teams of art directors, illustrators, copywriters.
- Led creative sessions to generate ideas for video, print, and photography.
- Revised content and presentations, approved/rejected ideas, and provided feedback to the team.
- Expertise across all social media platforms- Facebook, LinkedIn, Twitter, Instagram, Tik Tok, and Snapchat.
- Partners included Wolverine Worldwide, J.Crew, Timberland, Vans, New Balance, P&G, The North Face, Smartwool, and Versace.

**Future Focus Media & Youth Training Institute, Worcester,
MA - Creative Director-Photographer/ Filmmaker**

July 2011 - July 2022

- Managed the day-to-day operations of a photography and film production company.
- Lead photographer for local and regional events with the Boys & Girls Clubs, The Make-A-Wish Foundation, and The YWCA.

EDUCATION

Bryant University, Smithfield, RI - Bachelor of Science in Business Administration.

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Appendix B

Materials Considered

Legal Documents

First Amended Complaint, *Nike, Inc. v. StockX LLC*, No. 1:22-cv-000983-VEC, May 25, 2022.

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